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NEWS SUMMARY

GENERAL

Gomes sets up power trio

Portuguese President Costa Gomes has made a secret deal with the pro-Communist Prime Minister, Gen. Vasco Goncalves, and the chief of Copcon security forces, Gen. Otelo Saraiva de Carvalho, electing a supreme policy-making triumvirate.

The plan is sweeping and decisive enough to render the fighting over who should become Prime Minister entirely beside the point, writes Jane Bergerol *from Lisbon.* It pushes Portugal further forward towards "direct democracy."

The political parties will now be asked to serve in a fifth provisional government under a new Prime Minister, but concessions to Socialists and Popular Democrats are less likely than ever. They will be forced into a direct choice for or against the revolution. Back Page

Greek army on alert

Several army units in the Athens area were placed on partial alert last night as fears grew that *the day's bloody incidents* in which at least 70 people were injured may have been instigated by extremists.

Strong police forces guarded *public buildings as rioters con*tinued to damage the capital, turning cars and buses into barricades and setting fire to shops.

The trouble began earlier in the day when about 4,000 demonstrating building workers defied police orders to disperse. The Ministry of Public Order said the Athens police could not contain the rioters and reinforcements from the gendarmerie were called in.

The police, after arresting 50 people, said many were not building workers and that they recognised among demonstrators former *members* of the military police which spearheaded the military junta.

Mrs. Gandhi gets approval

Ratification by both Indian Houses of Parliament extends Mrs. Gandhi's proclamation of a state of national emergency for an indefinite period. Major opposition parties, except the Communists, walked out before the lower house approved the measures by 136 votes to 33. Page 5

Ferry sinks

At least 12 people died and 50 received burns when the ferry Venus des Isles sank off Toulon *after an explosion and fire.* Survivors of the 270 tourists aboard the 90-foot vessel were picked up by a rescue fleet of 10 ships and five helicopters.

Milk to go up

Milk will cost 1p a pint more from August 3. The increase is intended to contain the cost of *the Government* subsidy and meet the higher cost of distribution and the guaranteed price given to farmers earlier this year. Page 23

Guinea-pigs

Hospital consultants and family doctors are being paid to carry out clinical tests with new drugs, *says the Department of Health.* But there is no obligation that the patient be told he is a guinea-pig.

Briefly . . .

One vote defeated a Congress committed attempt to ban Concorde from landing anywhere in the U.S. Page 4

As the Apollo crew prepared for to-day's Pacific splashdown, the Soviet "handshake" cosmonauts returned to Moscow in triumph.

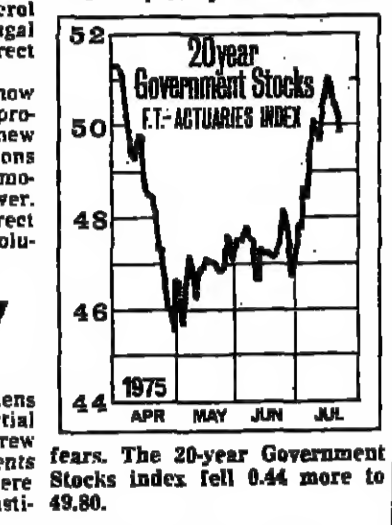
Cyprus talks, due to open in Vienna to-day, have been postponed for a week because UN Secretary - General Kurt Waldheim is staying in New York to deal with the Middle East situation. Page 6

BUSINESS

Equities and gilts fall back; Dow off 10

● EQUITIES reflected fears *of* an imminent jump in Minimum Lending Rate. An early loss of 1.9 in the FT 30-share index was extended to 8.2 at noon before bear closing and "*cheap*" buying reduced it to 5.8. The close of 288.5 is the lowest since April 2. Falls outnumbered gains 10-1 in FT-quoted industrials.

● GILTS closed above the worst, but still registered fresh falls of up to 1¼ on interest rate



fears. The 20-year Government Stocks index fell 0.44 more to 49.80.

● GOLD lost $1 to $164.30.

● STERLING rose 10 points to $2.1795. Its weighted depreciation narrowed to 25.9 per cent. (26.3): that of the dollar, at *3.52 per cent.* (3.87), was the best for 17 months.

● WALL STREET closing down at $836.67 on fears of *dearer money and anxieties* over the Middle East situation.

● OFF-SHORE OIL and gas activities of the NCB and British *Gas Corporation* should be brought under stricter Government control, urges a Parliamentary report. Back Page

● WEST GERMANY has completely halted the placing of foreign issues in the country in a bid to hold down its capital market's interest rates. Page 6

● PAN AM has broken off its merger talks with Eastern Airlines, but gave no reasons. Page 4

Fall in spending by consumers

● CONSUMER SPENDING fell £109m. (1¼ per cent.) between the first and second quarters to £8.95bn., according to official estimates—the first significant drop since the onset of the current U.K. recession. Page 7

● OBSERVER newspaper employees have until to-morrow night to agree to the management's call for 30 per cent. redundancies. The paper's trustees meet on Saturday to consider its position. Back Page

● YORKSHIRE and Kent NUM leaders are urging miners in their areas to *reject the Government's* anti-inflation package, favoured by the union's national executive, in next month's pithead ballot. Page 8

● UNIGATE reports group taxable profits £2.55m. ahead at £17.78m. for the year to March 29. Page 17 and Lex

● SOCIETE GENERALE de Banque, of Belgium, is expected to raise about £48m. through a simultaneous share and bond *issue in September* Page 18

● CIBA-GEIGY is raising £10m. through a placing of convertible loan stock, 1982-95, at £100 per cent.

● GILLETT Brothers Discount has raised its interim dividend from 1.675p to 4.875p net. Page 17

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES

Courtaulds	110	+	5
Gillett Bros.	148	+	23
Rbsn' (T) 6pcDb. 83-8	£81	+	£34
Pancontinental	500	+	10
Ventersposf	790	+	40

FALLS

Treas. 12pc 1983	£102¼	—	1
Treas. 13¼pc 1997	£93¼	—	1
Beecham	277	—	7
BATS	295	—	7
British Sugar	320	—	15
Capital & Counties	16	—	5
Cater Ryder	212	—	16
Cawoods	125	—	8
Fisons	335	—	17
Furness Withy	225	—	13
Gt. Portland Ests.	194	—	13
GKN	207	—	6
IC Gas	348	—	20
Inchcape	344	—	19
Kershaw (A.)	636	—	54
Land Secs.	161	—	8
Lloyds Bank	192	—	10
Lyons (J.) 'A'	120	—	8
MEPC	94	—	5
MK Refrigeration	27	—	6
McCorquodale	165	—	11
Midland Bank	232	—	10
RMC	46	—	4
Renold	108	—	6
Royal Ins.	268	—	6
Spear and Jackson	77	—	6
Tate and Lyle	190	—	6
Thomson Org.	161	—	6
Trafalgar House	87	—	7
Tube Invs.	230	—	8
Union Discount	313	—	17
Wood Hall Tst.	85	—	6
Cons. Murchison	650	—	20
Selection Tst.	305	—	25

Employers breaking pay limits face unlimited fines

BY RICHARD EVANS, LOBBY CORRESPONDENT

EMPLOYERS who flout the Government's counter-inflation pay policy would be liable to unlimited fines if the Reserve Powers Bill became law.

This became known at Westminster yesterday after Mr. Denis Healey, Chancellor of the Exchequer, had confirmed that the reserve powers, now in draft form, would not operate on employers retrospectively.

"There would be no question of imposing penalties on employers for having made excessive settlements before the Bill was enacted," Mr. Healey declared, when he introduced the second reading of another Government Bill that gives effect to the counter-inflation White Paper.

The Chancellor, who came under pressure once more from the Opposition to publish the reserve powers legislation, added that once the Bill became law, Ministers would be able to reduce an excessive pay settlement to the level permitted in the White *Paper from the date of the* Royal Assent.

There would be no question of requiring employees to pay back money they had already received *under an excessive settlement* made before the operative date of a Government restriction order or notice.

Mr. Healey startled MPs by *declaring* that not only could the total amount of an excessive pay settlement be disallowed, but there could be "more severe penalties if necessary."

He was unwilling to give more details, but it is understood that what the draft legislation contains is provision for unlimited fines on recalcitrant employers.

The main emphasis of the Chancellor's speech was on the need to maintain a voluntary policy and he gave no indication that the reserve powers Bill would be published unless the voluntary policy came under such sever pressure that it was in danger of collapsing.

Even so, Sir Geoffrey Howe, "shadow" Chancellor, warned *the Government* that if the legislation was not published before the third reading of the Remuneration, Charges and Grants Bill later this week, the *Opposition* would have to reconsider its tactics.

The Conservatives, following a "shadow" Cabinet lunchtime meeting, yesterday voted for their highly critical amendment to the Bill—and were defeated by 60 votes. The formal second reading of the Bill was endorsed by a massive Government vote of 294-16, with the Conservatives abstaining.

But there were growing signs of Conservative dissension. Following Mr. Heath's Commons speech on Tuesday, which made a marked impression on backbenchers, Mr. William Whitelaw, the deputy leader, stepped into the controversy by also urging *support for the Government's* counter-inflation plans.

Mr. Whitelaw, who takes a particularly influential role in the Conservative Party, said in *Dornoch, Ross and Cromarty,* that having expressed their reservations, the Tories should give their strong support to the Government, provided Ministers were resolute in carrying out their plans.

"The Government's measures having been passed with the authority of the House of Commons, let those who are thinking of defying the Government's pay limit appreciate that they will receive neither comfort nor encouragement from the Conservative Opposition — quite the reverse. Unlike Mr. Wilson and

Continued on Back Page
Editorial Comment Page 14
TUC support Back Page

Teachers' rise

Some 500,000 school-teachers in England and Wales have been awarded an average 22.3 per cent. rise backdated to April. Worth 14.8 per cent. in new money, the award escapes the £6-a-week limit.
Details, Page 8

CBI warns Government on pay increment loophole

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

UNLESS major changes were made to the Government's anti-inflation policy, its chances of failure were "very high," maintained the Confederation of British Industry last night when making an eleventh-hour attempt to persuade Parliament to make the necessary alterations to the White Paper.

In particular, the Government should plug the "conspicuous loophole" which would allow several million people on incremental pay scales to get pay increases of well over £6 a week.

Unfairness

"This obvious unfairness will place very severe strains on the *policy,"* declared the CBI. Without pay increases being limited to £6, even if an employee's incremental scheme entitled him to more, there "cannot possibly be *a public understanding of fair* sacrifices for all," said Mr. Campbell Adamson, director-general.

With 2.5m. in the public sector *and 2m. from the private sector* already involved in incremental schemes and with millions more with grading arrangements who would seemingly escape the £6 limit "you are finally talking about a policy which would affect only the 'blue collar' workers and the few earning above £8,500 a year," he said.

The TUC is known to have divided views on incremental schemes, but eventually agreed with the Government that, provided the total salary bill for those covered by an incremental scale in an organisation does not increase by more than an average of £6 a head, such schemes should be allowed to continue. These provisions were embodied in the White Paper.

It seems the Government might have been worried about the reaction by the Civil Service, the police and the armed forces —all organisations with incremental schemes—if the £6 limit was totally enforced.

There would also have been problems with the "white collar" unions over this point at the TUC annual conference.

The CBI insisted yesterday that "the Government will not achieve its objective unless it makes it quite clear that it is prepared to stand up and defend its policy." But "the Parliamentary debate on the White Paper casts severe doubts on the Government's strength of will and thus on the workability of its programme."

Mr. Adamson said the CBI was disappointed that the Government had not published details of the sort of "Reserve Powers" Bill it would pass. This would have given considerable help to employers who will have to bear the brunt of the policy.

Now there was also the added threat of resignation by Mr. Michael Foot, Secretary for Employment, "which is as near as anything to saying 'Don't put these powers into effect or you will have domestic problems on your hands'."

The CBI also *insists that the* Government should issue guidelines to help negotiators interpret the pay policy to prevent "the Alice-in-Wonderland" situation where employers might find themselves penalised under the Price Code for breaking rules "on which our masters refuse to give guidelines."

Inquiries have been pouring in to the CBI asking how, within the context of the policy, to deal with such things as merit increases, cost-of-living sliding scale arrangements, job grading, incentive schemes, productivity schemes, prior commitments, promotion-regrading, profit sharing, bonus schemes, Christmas or year-end bonuses, share option schemes, car or other allowances in kind and so on.

The CBI feels it is up to the Government to answer such questions by laying down guidelines.

The Government should also *introduce compulsory powers to* make employers report all pay claims and settlements so that the policy can effectively be monitored, the CBI maintains.

Temptation

The Department of Employment would need to check only a random sample of these reports but the need to report would make those hundreds of thousands of small companies not covered by the Price Code think again before falling to the temptation to break the pay limit.

Mr. Adamson pointed out that the CBI remained wholeheartedly behind the main aim *of reducing the rate of U.K.* inflation. It was not too late for the necessary changes to be made to the policy which, as it stands, "is placing on industry an intolerable burden and putting the whole policy in jeopardy.

Textile aid plan unveiled

BY RHYS DAVID

A SEVEN-POINT plan to help the textile industry—including a £20m. Industry Act Scheme to assist restructuring the clothing industry—was unveiled in the *Commons yesterday* by Mr. Eric Varley, Secretary for Industry.

The statement, which the textile and clothing industries have been waiting for since the Prime *Minister's announcement in May* promising assistance, contains no new controls on imports, though surveillance licensing is to be extended from textiles to cover *clothing as well.*

As a positive measure, however, Government departments are being asked to ensure that they obtain their requirements of textiles *clothing* and footwear from British manufacturers and that these use British materials. Other purchasers in the public sector are being asked to follow the same principle.

On imports the Government is stressing the help which the industries will derive from a series of agreements currently being negotiated with low cost suppliers by the EEC *Commission* under the terms of the GATT Multi Fibre Arrangement. The most recent of these—with Hong Kong—details of which are to be *found on Page 7,* was initialled in Brussels yesterday and will put ceilings on the rate of growth of imports from Hong Kong into the EEC.

Mr. Varley made it clear the *Government would be prepared* to use the MFA safeguard provisions and would ensure that another recent agreement with Portugal on tariffs would be applied. He also appeared to be making some attempt to revive the industry's faith in anti-dumping legislation, inviting any *industry which thinks it* has a case not to hesitate to come immediately to the Department of Trade which he said would take vigorous action where necessary.

The Government's package came on a day when the problems which the textile industry is facing were made plain in the statement made by Lord Kearton, chairman of Courtaulds before he announced his surprise decision to retire with immediate effect at the annual meeting yesterday.

Lord Kearton told shareholders that business had fallen away in the latter months of 1974 at an alarming rate and that 1975 had continued to be disastrous. The fall-off in man-made fibre demand had varied from 40-55 per cent. in various national markets and in the case of some fibres the drop had been as much as 70 per cent.

He claimed that the acuteness and suddenness of the recession had been worse than anything experienced in post-war years and in some cases as bad as anything in the depressed years of the 1930s. He also pointed however to signs that some pick-up in demand round the world had now begun.

The £20m. scheme which Mr. Varley proposed to assist the clothing industry with modernisation and re-equipment follows submission by the clothing

Continued on Back Page
Parliament, Page 8, Men and Matters, Page 14, Courtaulds results, Page 16

Kearton retires

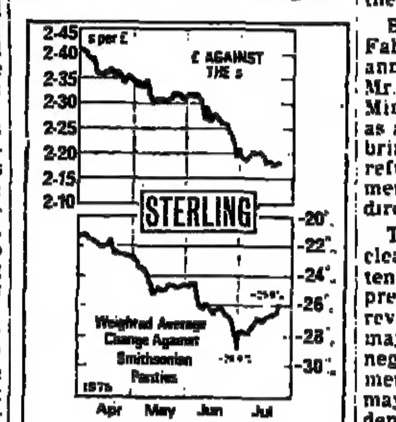
Lord Kearton yesterday announced his retirement from *the Board of Courtaulds.* He is succeeded as chairman by Sir Arthur Knight.
Profile, page 7

Rising interest rates help £

BY MICHAEL BLANDEN

THE POUND rose sharply yesterday as short-term interest rates jumped in *London* after the Bank of England's strong signal to the money market on Tuesday.

Expectation that the Bank's *move would bring a substantial* rise in its minimum lending rate



at to-morrow's Treasury bill tender helped sterling, which ended with an average depreciation of 25.9 per cent. from December, 1971, levels.

This was a gain of 0.4 per cent. from the previous day, and took the depreciation below the 26 per cent. mark for the first time since June 13. At its lowest, just ahead of the Government's anti-inflation moves, sterling reached a depreciation of 28.9 per cent.

The pound gained 10 points at $2.1795 against the dollar, which itself continued strong against other currencies.

The Bank's action was reflected in the money market, where rates moved up sharply. The rate on three-month sterling certificates of deposit, for example, jumped to 10¾ per cent. against 9½ per cent. on Tuesday.

The gilt-edged market also saw further losses as a result, with the Financial Times Government securities index closing 0.59 down at 60.07.

Meanwhile, the Bank of England published its June money supply figures, together with substantial revisions to the earlier May figures. These indicate that the increase in the money supply continues to run significantly below the current *level of inflation,* with the narrower definition (M1) up 3¼ per cent. in the past three months.

Money supply, details, Page 7

£ in New York

—	July 23	Previous
Spot	$2.1790-1800	$2.1792-1802
1 month	0.88-0.83 dis	0.66-0.61 dis
3 months	2.30-2.25 dis	1.87-1.27 dis
12 months	5.84-5.86 dis	6.97-6.85 dis

Egypt renews UN mandate in Sinai

BY OUR FOREIGN STAFF

EGYPT agreed to extend the mandate of the United Nations Emergency Force in Sinai (UNEF) for a further three months last night, to the evident relief of the Security Council and the apparent satisfaction of the Israelis.

But no sooner had Mr. Ismail Fahmi, Egypt's Foreign Minister, announced this in Cairo than Mr. Yitzhak Rabin, Israel's Prime Minister, declared in Jerusalem as an apparent riposte to Egypt's brinkmanship that Israel would refuse to sign an interim agreement unless it is preceded by direct, face-to-face negotiations.

This latest Israeli demand is clearly is the response to several tense days of evident and public pressure by Egypt. It also reveals what has clearly been a major stumbling block in the negotiations for an interim settlement in Sinai and one which may well have prompted President Sadat's hardening attitude over the issue of the mandate.

However, Mr. Rabin's demand had been anticipated earlier in *the day during a question and* answer session in the National Assembly. At this, Mr. Sadat declared emphatically that Egypt was not negotiating, and would not negotiate, directly, but only through the U.S. as a third party. And when the Geneva conference was reconvened, he made clear, it would be conducted along U.N. lines without separate talks *between the parties.*

To negotiate face-to-face with Israelis would be regarded in many Arab quarters already bitterly opposed to the idea of a bilateral agreement with Israel, as virtual recognition of the State of Israel.

However, Mr. Sadat appears to posses a procedural loophole. Egypt could maintain that the settlement would be a purely military one, in spite of its obvious political ramifications, and insist that any direct talks *take place only between com*manding officers in the field. The precedent for this would be the Kilometre 101 talks when, after the October War, Israeli and Egyptian officers sat round the same table in a United Nations tent on the road from Cairo to Suez and signed a withdrawal of forces agreement.

Mr. Rabin told a cheering audience in Jerusalem: "Israel is not striving to perpetuate the present situation. But if Egypt has refused to handle the negotiations from the beginning *through direct talks,* and has preferred to negotiate through the good offices of the United States, it must understand that the negotiating process will be *prolonged."*

Earlier, President Ford, who had been informed of the Egyptian decision in advance and presumably knows of the Israeli demand, said in Washington that he was encouraged at the movement towards a settlement and added "It is a lot closer than it was two months ago."

The existing UNEF mandate, which expires at midnight tonight will now be extended until October 24, giving Dr. Henry Kissinger further time to pursue his efforts at reaching an interim *settlement in Sinai* and, no doubt, couraging the belief that his chances of success have been significantly enhanced.

President Sadat had caused some alarm on Tuesday night when, in a speech following a direct appeal by the UN Security Council to renew the mandate, he failed to do so, saying instead *that he would consult with the* Egyptian Security Council before taking a final decision.

Whether Mr. Sadat's evidently tactical hardening of his position *will yield him any further* advantage in the negotiations with Israel remains to be seen.

Editorial Comment Page 14

FEATURES

ON OTHER PAGES

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LOMBARD

Oil money for the Third World

BY C. GORDON TETHER

It became abundantly evident soon after the oil explosion occurred nearly two years ago that the most satisfactory solution for the immense new international payments problem this had dramatically precipitated lay in putting the newly emerged oil surpluses to work in promoting the development of the Third World. There was no difficulty in seeing that, besides making the oil-producers feel that their unspendable earnings were being devoted to a very good cause, the resulting increase in the demand for maufactures from the developing world could go a long way towards closing the huge gaps the steep rise in fuel imports had left in the affluent countries' external payments.

Sadly, so far this hasn't happened—or at least has happened on a much smaller scale than might have been hoped for. The advanced countries have, broadly speaking, been so preoccupied with coping with their own immediate problems that they have seen themselves as having little time and energy to spare for implementing such grand designs.

Money for arms

The oil-producing countries, for their part, have allowed themselves to be encouraged to start reducing their new surpluses by devoting vast sums of money to greatly expanded "military preparedness" programmes—half of America's arms exports last year were to OPEC countries. As they tend to lack the expertise needed to get the projected triangular recycling procedure going, they have contented themselves with supporting such schemes for aiding the Third World as had more or less instant appeal and devoted the rest of their excess earnings to enlarging their money market and other assets in the advanced world.

It is, I suppose, conceivable that now that many of them have been persuaded that the worst is over so far as the backwash of the oil prices explosion is concerned, the advanced countries will start taking more interest in acting as a funnel through which oil money can move into the less developed world—and thereby help to boost their own exports. But if they delay much longer, they may find that it will be happening without their participation.

Mr. Raul Prebisch, the Under-Secretary General of the United Nations who has special responsibility for sustaining the 33 countries "most seriously affected" by the current world crisis, outlines the case for a major by-passing operation of this kind in the current issue of Ceres, the Food and Agricultural Organisation's monthly magazine.

He argues that the oil-exporting countries should think *many times before concentrating* their investments in a few advanced countries—quite apart from recognising that it is an "economic aberration" to ship capital to countries that have a tremendous potential of their own for capital accumulation. He insists, therefore, that it is in their interests to diversify their overseas investment in favour of the Third World.

And he points out that one of the great benefits that would flow from such re-orientation of the oil countries investment procedures would be to provide "a great opportunity" to change world trade patterns. The change would be aimed at ensuring that the less-developed countries traded on a much larger scale between themselves and, in consequence, became less dependent on trade with the advanced world for their well-being.

Mr. Prebisch sees a restructuring of world trade on these lines as one of the most important elements in the much talked of new economic order. And it is interesting to see that one of the main reasons he adduces for this is that the bargaining power of the developing countries would be greatly strengthened if they had an independent source of money.

He maintains that, in saying this, he is not attacking the *multinationals which now play* such a dominant role in the functioning and development of Third World countries. But these countries would, he says, have an opportunity to create *their own multinationals if they* could obtain the full co-operation of the oil exporters in the financing of their development.

Up to a point, of course, the advanced countries must accept that they will have to play a smaller role in proportionate terms in the life of the Third World as oil money becomes more active there. After all, it now seems to be common ground that their own economic advancement will be proceeding at a slower pace from now on. Which means that the markets they can provide for these countries' exports will be *growing* less rapidly.

But there can be no doubt that they will stand a much better chance of profiting rather than suffering from this process *if* they co-operate to the full in getting the new patterns established rather than continue to behave as though there is no need for them.

RACING — BY DOMINIC WIGAN

Super Cavalier for 'National'

MAYNOOTH, Patris and Doctor Wall are absentees from this afternoon's £5,000 National Stakes at Sandown and only four now stand their ground.

Nevertheless, the quartet that remains is made up of *Super Cavalier*, Early Dawn, Hunstan*ton and* Radetzky and racegoers seem sure to see an exciting race for this Group Three event.

The Huntercombe two-year-olds Hunstanton and Radetzky are both promising colts, but I *shall be surprised if Early Dawn* and Super Cavalier do not dominate the closing stages of this top-class event.

Super Cavalier, who opened his account when getting the better of Radetzky in a maiden event at Kempton in May, seems sure to be the favourite on the strength of his impressive recent displays in Royal Ascot's Coventry Stakes and the July Stakes at Newmarket.

A two-length runner-up to Galway Bay in the Ascot race, where he led until 100 yards from home, Super Cavalier did even better in the July Stakes, taking up the running a furlong out and going well clear to beat Royal Boy by two-and-a-half lengths with yesterday's disappointment, Irish Legend, another length away, third.

Early Dawn, a bay colt by that highly successful sire of two-year-olds, Red God, out of To-morrow, is the least experienced member of the field, having made only one appearance.

This came at Goodwood in May when Mr. Robinson's two-year-old, a 17,500 - guinea purchase, proved much too good for 14 rivals in the Tegleaze Stakes. Early Dawn is reported

SANDOWN
2.00—Altriva
2.35—Pasty
3.10—Boulevardier
3.40—Super Cavalier***
4.10—Bold Arrow
4.45—Abide With Me

CATTERICK
2.15—Militello
3.45—Rhondda Prince
4.15—Carnlea Music**
4.45—Black Fire

LANARK
2.30—Irish Music
4.30—Baker Brown
5.00—Shore Captain

YARMOUTH
3.15—Echo Summit*
3.45—Sek-O
4.15—Solo Violin
4.45—Mount Grace

to have made great strides since that initial outing and I expect him to make a close race of it with Super Cavalier.

In the other juvenile event here, the Raynes Fillies Plate, *Pasty*, from the Seven Barrows stable which has already landed 21 two-year-old successes, will probably be made favourite to give Peter Walwyn and Pat Eddery yet another winner.

On her only previous appearance this grey half-sister by Raffingora to seven winners, including Q.C., found no *difficulty* in out-pacing Welsh Goddess, whom she was beating on level terms, by 1¼ lengths at Wolverhampton early this month.

That race will have brought Pasty on considerably and I expect to see her end the speedy Alacriter's winning sequence.

Henry Cecil, whose Newmarket team has been maintaining good form since its somewhat disappointing spell early this month, almost invariably does well at Yarmouth and I am confident that *Echo Summit*, who goes for *the Conway Handicap, will be an*other winner for him there.

Mr. George Pope's American-bred colt by Hill Rise out of Jib, aggressively got up close home when defeating Pal's Bambino in a 15-runner maiden event over to-day's course and distance of 1¼ miles in May and, with Tinivaro an absentee, he appears to have no more to do.

A second *likely winner* for Cecil is *Solo Violin*, among four runners for the Fred Page Handicap. This ex-Irish son of So Blessed has not won since comfortably, disposing of Rustic River at Pontefract in the spring.

Nevertheless, he has been running quite well and I hope to see him give 8 lb to the probable favourite, Battlement, an easy winner over this six furlongs trip at Nottingham in May.

SALEROOM — BY ANTONY THORNCROFT

Minor Old Masters do well

THERE WAS little to ruffle the end of season calm in the salerooms yesterday, although Sotheby's managed good prices for some fairly routine Old Masters. For example a wooded landscape in the manner of Vranex was sold to B. Cohen for £7,000, as against the £1,000-£1,500 estimate. Also comfortably above forecast was the £6,500 paid by Lischauer for a Jan Asselyin view of hunting. All told the paintings realised £130,495.

At a coin sale the most highly regarded item, a gold aureus of the Emperor *Commodus*, 177-192 A.D., was bought in at £1,300, but this apart, things went very well for a total of £48,237. A collection of nine lots from the Isle of Man were acquired by Greenwood, a private collector, for £1,925. He also paid £1,850 for a George V Coronation proof set. A Elizabeth I gold half pound was bought by Spink for £1,000.

There was a very successful sale of Continental furniture at Sotheby's, Belgravia, which totalled £60,002. A French buyer gave the highest sum, £4,800 *(within forecast)*, for a pair of Venetian amethyst glass chandeliers made around 1900. Perhaps more impressive was a mid-19th century French ormolu chandelier, which went for *£1,900 as against a £300-£600* estimate.

A London dealer paid £4,200 for a small French porcelain and ormolu mounted tulipwood secretaire, and a Kingwood display cabinet was bought by an Iranian collector for £3,500. A feature of the sale was the appearance of watches at Belgravia for the first time.

Another Sotheby's sale, of wines, underlined the fall in demand for vintage port. Clarets and burgundies sold well, but Taylor '45 port could be bought for £135 a dozen, Taylor '55 at £98 a dozen, and Cockburn '67 at £24, surprisingly low prices, given the cloud over the future of the vintage port trade.

As always, jewels fetched high *prices at Christie's, bringing in* £115,440. An antique emerald and diamond brooch was bought by a private buyer for £10,000, and a diamond ring, set with a 6.68 carat diamond, went to Truelove for £5,000. An antique sapphire and diamond brooch sold to Drager for £4,800.

The silver sale, part of Christie's Victorian week, realised £79,956. *A set of four silver gilt* salt cellars, each in the form of a standing figure of an Indian Man-at-Arms, were acquired for £3,600, while a beaded Old English pattern table service of 1865 by Francis Higgins, sold to Bloomstein for £2,300.

A set of four Regency silver gilt candlesticks, made by William Pitts in 1816, were bought by Langford for £2,000. A Middle Eastern buyer paid £650 for a silver gilt toilet service, which came originally from the area. An unusual piece, an inkwell and tobacco jar com*bined in the form of a monkey* playing a drum, went for £1,050.

Around the other salerooms, Phillip's sold ceramics and glass for £10,119, with a St. Louis up*right* bouquet paperweight making £440. At Spencers of Retford furniture totalled £16,777 with a Georgian mahogany sideboard going for £880.

TV/Radio

† Indicates programme in black and white

BBC 1

10.05 a.m. Hector's House. 10.10 Daktari. 12.55 p.m. Dochrau Canu. 1.30 Ragtime. 1.45 News. 4.22 Regional News (except London). 4.25 Play School. 4.50 Bewitched. 5.15 Newsround Extra. 5.40 Sir Prancelot.
5.45 News.
6.00 Nationwide (London only).
6.25 Private Lives.
6.50 A Question of Sport.
7.20 Top of the Pops.
8.00 It Ain't Half Hot Mum.
8.30 Robbie: Fyfe Robertson looks at his life with the motorcar.
9.00 News.
9.25 The Royal International Horse Show.
10.45 Apollo/Soyuz.
11.15 Regional News.

All Regions as BBC-1 except at the following times:—

Wales—6.00-6.25 p.m. Wales To-day. 6.50-7.20 Heddiw. †11.15 News.

Scotland—6.00-6.25 p.m. Reporting Scotland. †11.15 Scottish News Summary.

Northern Ireland — 4.22-4.25 p.m. Northern Ireland News. 6.00-6.25 Scene Around Six. †11.15 Northern *Ireland* News Headlines.

England—6.00-6.25 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South-West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
5.00 p.m. Open University.
7.30 Newsday.
7.55 Cornish Shipwreck.
8.10 Two Women, part 4.
9.00 All In The Family.
9.25 Ten Years of "Man Alive."
10.15 Gardeners' World.
10.45 News Extra.
11.15 Closedown: Martin Jarvis reads "Follower," by Seamus Heaney.

LONDON

10.45 a.m. A Big Country. 11.15 The 21st Century. 11.40 Galloping Gourmet. 12.05 p.m. Yoga For Health. 12.30 Yak. 12.40 Mr. Trimble. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Time To Work. 2.00 Good Afternoon. 2.25 Racing from Sandown Park. 4.25 Rainbow. 4.45 *Sinbad Junior*. 4.50 *Cowboy in Africa*.
5.50 News From ITN.
6.00 To-day.
6.35 Crossroads.
7.00 Bless This House.
7.30 Griff.
8.30 This Week.
9.00 Moody and Pegg.
10.00 News (including Apollo Splashdown).
10.30 Drive-In.
11.00 Monty meets the *Londoners*.
12.00 What the Papers Say.
12.15 a.m. Personal View.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 4.55 The Amazing Chan and the Chan Clan. 5.20 Rock on with 45. 6.00 About Anglia. 6.20 Arena. 7.00 Gambit. 7.30 The Protectors. 8.00 Dawson's Weekly. 10.30 Orson Welles Great Mysteries. 11.00 Maude. 11.30 Drive-in. 11.55 The Living Word.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 4.25 The Funky Phantom. 4.50 Castaway. 5.20 Rock on with 45. 6.00 ATV To-day. 7.00 Barnaby Jones. 8.00 Dawson's Weekly. 10.30 Gardening To-day. 11.00 Orson Welles Great Mysteries. 11.30 What the Papers Say. 11.45 Father Pinchal.

BORDER

†1.25 p.m. Border News. 2.00 Women Only. 4.25 Catch Kandy. 4.50 Fantastic Voyage. 5.20 Rock on with 45. 6.00 Border News and Lookaround. 7.00 Movin' On. 8.00 Dawson's Weekly. 11.00 Journey to the Unknown. †11.55 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 Cowboy in Africa. 5.20 The Protectors. 6.00 Channel News. 6.10 Woobinda. 7.00 The Six Million Dollar Man. 8.00 Dawson's Weekly. 10.30 Places Where They Sing. 11.00 Night Gallery. 11.30 Actualities et Projections.

GRAMPIAN

12.00 Queen, Chef and President. 12.20 p.m. Another Side of the Forest. 12.35 Lunchtime Call. 1.20 Grampian News Headlines. 2.00 Women Only. 4.25 Tarzan. 5.20 Rock On With 45. 6.00 Grampian News. 6.10 Top Club. 7.00 The Six Million Dollar Man. 8.00 Dawson's Weekly. 10.30 Matter of Concern. 11.00 Look Ahead. 11.30 Evening Prayers.

GRANADA

10.30 a.m. Woobinda. 10.55 Its fun to Read. 11.00 The Magic of Music. 11.15 The Nature of Things. 12.10 p.m. The Amazing Chan and the Chan Clan. 12.30 Hammy Hamster's Adventures on the Riverbank. 1.20 This Is Your Right. 4.25 The Osmonds. 4.50 Survival. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. 6.35 Here's Lucy. 7.05 Combat. 8.00 Dawson's Weekly. 10.30 Reports Extra. 11.00 What The Papers Say. 11.20 Homicide.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.25 Around The World In 80 Days. 4.50 Shang A Lang. 5.20 Help! 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Husband of the Year. 7.00 Jason King. 8.00 Dawson's Weekly. 10.30 The Foresters of Dean. 11.00 Journey to the Unknown.

HTV Cymru/Wales—As HTV General Service except:—1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.35 Miri Mawr. 4.35-4.50 Miri Mwy. 6.01-6.15 Y Dydd. 11.00-11.55 "Once Bitten" . . . the real risk of rabies.

HTV West—As HTV General Service except:—1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 p.m. Road and Weather Report. 4.25 Tarzan. 5.20 Kiri. 5.25 Crossroads. 6.00 Scottish News. 6.05 Isabel on Thursday. 7.00 The Persuaders. 8.00 Dawson's Weekly. 10.30 Late Call. 10.35 New Faces.

SOUTHERN

11.00 a.m. Yoga for Health. 11.20 Our Asian Neighbours. 11.40 Wait Till Your Father Gets Home. 12.05 p.m. Skippy. 12.30 Hammy Hamster's Adventures on the River Bank. 1.20 Southern News. 2.00 Women Only. 4.25 The Count of Monte Cristo. 4.50 The Beachcombers. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day By Day. 6.35 Survival. 7.00 Dawson's Weekly. 7.30 Barnaby Jones. 10.30 Your Men at Westminster. 11.00 Movin' On. 12.00 Southern News Extra.

TYNE TEES

12.35 a.m. Starting Point. 1.25 p.m. Where the Jobs Are. 2.00 Women Only. 4.25 Tarzan. 5.20 Rock on With 45. 6.00 Today At Six. 7.00 The Zoo Gang. 8.00 Dawson's Weekly. 10.30 Musical Triangles. 11.00 Double Top. 11.45 Late News Extra. 12.00 Teach Us Good Lord.

ULSTER

1.20 p.m. Ulster News Headlines. 4.23 Ulster News Headlines. 4.25 Lost in Space. 5.20 Rock on With "45". 6.00 Summer Reports. 7.00 Six Million Dollar Man. 8.00 Dawson's Weekly. 10.30 Gardening To-day. 11.00 The Adventurer. 11.30 Who Matters?

WESTWARD

11.25 a.m. Yoga For Health. 11.50 Adventures in Rainbow Country. 12.15 p.m. Skippy. 12.30 Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.25 Cowboy in Africa. 5.20 The Protectors. 6.00 Westward Diary. 7.00 The Six Million Dollar Man. 8.00 Dawson's Weekly. 10.32 Westward Late News. 10.35 Places Where They Sing. 11.00 Night Gallery. 11.30 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.25 Tarzan. 5.20 Rock on with 45. 6.00 Calendar. 7.00 Zoo Gang. 8.00 Dawson's Weekly. 10.30 Calendar People. 11.00 Hole Lot of *Trouble*. 11.30 *Drive-in*.

F.T. CROSSWORD PUZZLE No. 2,837

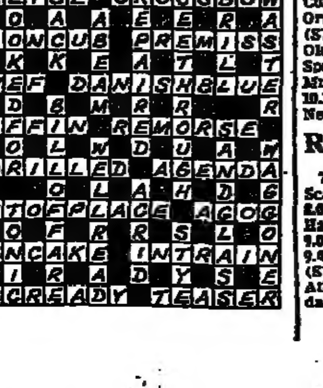
ACROSS

1 Smart timber supplier (6)
4 Hateful party returning notes (6)
8 Study opening orderly house (7)
9 Get the better of Shakespeare in the open air (7)
11 I'm accompanied by Pooh so be patient (4, 4, 2)
12 Part of London would like this hothead to ring (4)
13 Sluggish part of liner train (5)
14 Watery deposits of which word sped around (8)
16 Authorise airman to accept honour (8)
18 Cat with label close at hand (5)
20 Responsibility comes round to students union (4)
21 Child from prisoner of war camp growing up in cave (10)
23 Happened to have quarrelled (4, 3)
24 Turning a blind eye to victory by ruler (7)
25 Convert a painter (6)
26 Hard for county youth leader (6)

DOWN

1 Quiet individual did better than the others (5)
2 Back clergyman taking Gaelic (7)
3 Tories before unusual diets were made up (9)
5 Put out when daughter goes on river (5)
6 Rival goes to work on difficult problem (7)
7 Delighted to be punch-drunk (4-5)
10 Cry to take off article on rent (4, 1, 4)
13 Performing at the Festival Hall together (2, 7)
15 Enthusiastically testate (4, 1, 4)
17 Thief moving about in silks (7)
19 One of awkward squad in collision with family (7)
21 Relish giving way to impudence (5)
22 Fish taken in cask to New York (5)

SOLUTION TO PUZZLE No. 2,836



RADIO 1 — 247m

(S) Stereophonic broadcast

6.0 a.m. As Radio 2. 7.0 Noel Edmonds. 9.00 Tony *Blackburn*. 11.00 *David* Hamilton with The Radio 1 Roadshow—from Ilfracombe. 12.30 p.m. Newsbeat. 12.45 Johnnie Walker, including new Top 30 LP discs. 2.02 Ed Stewart (S), also on VHF. 5.00 Newsbeat. 5.15 John Peel with Top Gear. 7.00-12.33 a.m. As *Radio 2*.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S), including 6.15 Pause for Thought. 7.02 Terry Wogan (S), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.30 p.m. Sports Desk. 1.35 Good Listening (VHF). 2.02 Ed Stewart (S) as Radio 1 but including on 1,500m only (also 202m Scotland) 2.45, 3.45 and 4.45 Sports Desk. 5.02 Waggoners' Walk. 5.17 Sam Costa (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Pros and Cons (S). 7.30 Sports Desk. 7.32 The Organist Entertains (S). 8.02 Folk 75 (S). 8.30 Folkweave (S). 9.02 Time for Old Time in Radio 2 Ballroom (S). 10.02 Sports Desk. 10.06 Don Durbridge with Music Through Midnight (S), including 10.15 The Apollo/Soyuz Mission and 12.00 News. 12.31 a.m. News Summary.

RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Overture: Scarlatti, Mercadante, Donizetti (S). 8.00 News. 8.05 Morning Concert: Michael Haydn, Dvorak, Martinu (S). 9.00 News. 9.05 This Week's Composer: Walton (S). 9.45 Leeds National Musicians' Platform (S). 10.50 Obrecht concert (S). 11.40 Athena Ensemble (S). 12.15 p.m. Midday Concert part 1, Liszt, Strauss (S). 1.00 News. 1.05 Concert part 2, Mahler (S). 2.05 "Erwartung," opera, music by Schoenberg (S). 2.40 Spanish Instrumental Music of the 16th and 17th Centuries (S). 3.10 Two Early 19th-century Pianos recital, part 1: Clementi, Beethoven (S). 3.55 In Short (talk). 4.05 19th-century Pianos recital, part 2: Mendelssohn (S). 4.35 Orchestral Concert (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Study on 3. 7.00 Haydn: "The Creation," parts 1 and 2 (S). 8.30 Robin Holmes reads from Milton's "Paradise Lost." 8.55 Haydn: "The Creation," part 3 (S). 9.30 The Living Poet: Joan Barton introduces her own poems. 10.15 Royal Liverpool Philharmonic Orchestra (S). 11.25 News. Radio 3 VHF only—6.20-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer For the Day. 6.45 Today including 6.50 and 7.50 VHF. Regional News, 6.55 Weather, programme news. 7.00 News and more of Today including 7.27 Sportsdesk and 7.35 Todays Papers. 7.45 Thought For the Day. 7.55 Weather, programme news. 8.00 News and more of Today including 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Wogan's World. 11.50 It's An Odd World. 12.00 News. 12.02 p.m. You and Yours. 12.27 The Eric Morecambe and Ernie Wise Show. 12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Jack De Manio Precisely including 4.00-4.05 News. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 Kenneth Williams Playhouse. 6.45 The Archers. 7.00 News Desk. 7.30 Any Answers? 8.00 Three Love Stories. 8.45 Homosexuality—The Years of Change. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

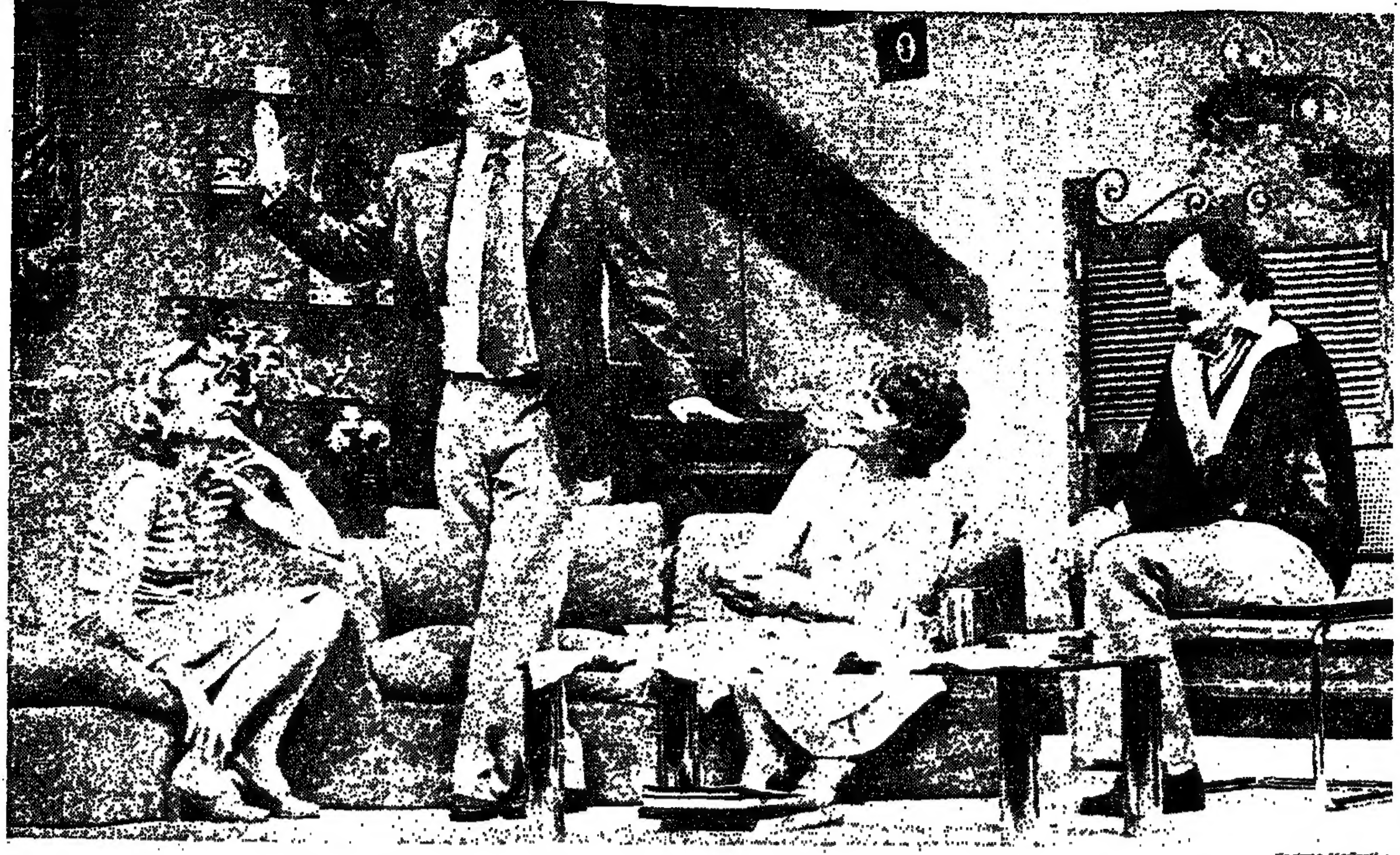
6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.30 Downtown. 11.03 In Town. 12.03 p.m. Call In—1. 12.45 London News Desk. 1.03 Call In—2. 2.03 Showcase. 3.03 Young In Mind. 4.03 Sound Out. 4.32 Home Run, including London News Desk at 5.03, 6.00. 7.00 In Town. 8.00 Rail. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

London Broadcasting — 261m and 97.3 VHF

6.00 a.m. "AM": breakfast-time news show, with interviews, traffic and travel service, plus sport. 10.00 Open Line—London talks to George Gale. 12.00 Newswatch. 6.00 p.m. Newsbreak. 7.30 Music In Stereo. 9.00 Love in London. 1.30-6.00 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash on Delivery. 3.00 Roger Scott. 7.00 London To-day. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It (rock show). 11.00 Tony Myatt and his late night show. 2.00 a.m. Night Flight.



Phyllida Law, Richard Briers, Pat Heywood and Peter Bowles in the new Alan Ayckbourn comedy "Absent Friends" which opened last night at the Garrick Theatre.

Westminster

Tarantara! Tarantara!

by MICHAEL COVENEY

Gilbert and Sullivan, their *partnership and stormy times*, is the subject of Ian Taylor's pert little show from the Bristol Old Vic. *It avoids commenting* on the widely held theory that Gilbert's dramatic career went *steadily downhill as a result* of the collaboration; instead we are given backstage scenes and *chronologically ordered medleys* which cover such traditional biopic territory as Money, Success and the Managerial Mediation of two talents by the figure who ends up making most out of them. The medleys themselves were, throughout the evening, driving me (initially) to distraction and (later) to a calmer, solidifying view that the only thing that could possibly be worse than a show by Gilbert *and Sullivan must be a show* about Gilbert & Sullivan.

The play opens backstage at the Savoy in 1888, with Gilbert testily interrupting a musical rehearsal to complain that his words have been badly set and are now being badly sung. Richard D'Oyle Carte (George Raistrick) tries delicately to calm everyone down, an attempt greatly assisted by the sudden bursting upon the stage of a jolly company in excerpts from *Trial By Jury*. G & S feature in this (and most other) musical interludes, slight dramatic points being scored by showing the worldly and snobbish Sir Arthur prancing around as an unlikely fairy or recalcitrant sailor.

Absurdly dubbed "the Mozart of England" in one Press review after a serious composition has been premiered in Leeds, Sullivan sides with Carte in pressurising *Gilbert to tone down the* satire and buffoonery; the creative relationship at last splinters before Mr. Taylor's narration reiterates the Greatness of G & S, how they set barrow boys a-whistling and happiness a-spreading.

As a play about a phenomenon of the last century, the piece is unconvincing not least because of a failure to alight upon what precisely people *did* take from G and S. Although the *musical* excerpts are performed with some vivacity and vigour, the tendency is towards "camp," and even this tendency is not taken far enough to shed any kind of illuminating parody on the original. (The drag act Hinge and Brackett have achieved this in recent months by performing the songs in a beautifully wicked parish hall ambience.) And by the time the desperate Carte is pumping out the producer's jargon as he tries to get *Ruddigore* off the ground ("In this business you're only as good as your latest offering"), the show is in serious danger of collapsing under the weight of its own levity.

Whereas Willy Russell's *John, Paul, George, Ringo . . . and Bert*, successfully concentrated on the effect of the Beatles' music on the environment that produced them (through the consciousness of the narrative figure, Bert), Mr. Taylor seems unprepared to set his sights higher than presenting *G & S* as a temperamentally unsuited couple whose story offers a good excuse *for a high-spirited concert* party. For those enamoured of their music, that *might well be enough. The* play's ambitions are aptly realised in David Horlock's spruce and inventive direction and the expertly sensitive piano playing of John White. All the lyrics are audible and a talented ensemble is spiritedly led by Christopher Scoular and Timothy Knightley.

Open Space

Iphigenia in Tauris

by GARRY O'CONNOR

Goethe's passionate nature and his concern with the divided heart of man is never better orchestrated than *in his* powerful retelling of the Iphigenia story's happy conclusion. All his extraordinary qualities seem to find expression in it: his belief in kindness, truth, his *Olympian* grasp of the workings of fate, but above all his fundamental belief in the goodness *of man, and how in order for* this to function and be brought to the fore, it needs to be *brought up against a positive* choice between good and evil. For him, as for the Jesuits, those capable *of the greatest good are* also capable of the greatest evil.

Thus Iphigenia, in refusing to betray her benefactor, the barbarian King Thoas, who has succoured her and given her refuge in the temple of Diana, even though this refusal means risking her brother Orestes's life (for he has arrived also in Tauris still unpurged of his matricidal enormity) chooses the path of ultimate salvation for herself and for her brother. It is a profound moment, concentrated and powerful, as is everything else in this production, and it is beautifully registered in Sarah Long's *performance as Iphigenia and Edgar* Wreford as Thoas.

The concentration never *slackens and all the long* speeches of exposition of the appalling deeds of the family *of Tantalus are impeccably clear* in their delivery by Miss Long and in Jeremy James Taylor's outstanding performance as Orestes. The recognition scene is genuine pathos, and Orestes's subsequent madness and recovery is played by Mr. Taylor both with fire and intelligence. He is ably supported by Leo Dove as Pylades.

Indeed in a quite outstanding production by John Prudhoe, who has also done the translation, there are few things that are out of place. One is that, at times, some of the abstractions of David Harold Cox's music are intrusive, though for the most part the music is atmospherically impressive. Very occasionally the verse seems on the stilted side as when, early on, Iphigenia asks "must I accelerate all that threatens me?" But these are very minor points in an entirely gripping performance which I urge everyone to go and see.

Soho Poly

Hello Sailor

by GARRY O'CONNOR

Eric Sutton's tightly packed lunch-time play takes as its subject the misfit who is working his ticket from the Royal Navy. He is called Sturla and he plots his release with all the venom, and some of the malicious humour, of a Jacobean villain. "In the navy," he says," the first thing you have to learn to be is a girl," and when he has learnt this, after several humiliations in the face of authority, it turns into a weapon he uses with cunning and ferocity.

The sexual intrigue that ensues, between Sturla and Taxi, and Sturla and the petty officer Yeoman, is very neatly plotted, with plenty of robust incident and racy dialogue. The picture of life on a frigate on the Mediterranean *is etched sharply, and* without any noticeable rancour, although Mr. Sutton does state *in the programme he was dis*charged from the navy at the age of 20.

The lower deck trio are played by Dennis Lawson, Peter Attard and Ian Collier, and even though they fight among themselves they try to remain united in the face of the common enemy, the officers (played by John Tordoff and David Sinclair). This is the lesson that Sturla doesn't learn, *that of lower deck solidarity*, and this loses him friends in the end. All this and more, lasting little *more than 40 minutes is put over* with great comic spirit, and the whole experience, production and writing alike, is vivid and highly enjoyable.

Record Review

Janet Baker

by ELIZABETH FORBES

Berlioz: Les Nuits d'été. **Elgar:** Sea Pictures. **Ravel:** Shéhérazade. **Mahler:** Lieder eines Fahrenden Gesellen, Kindertotenlieder, Five Rückert Songs. Janet Baker / NPO / SLO / Hallé Orchestra/Barbirolli. HMV SLS 5013 (3 records) £5.50

Handel: Lucrezia. Arias from Rodelinda, Ariodante, Serse, Hercules, Atalanta and Joshua. Baker / ECO / Leppard. Philips 6500523. £2.90

Haydn: Arianna a Naxos, Berenice. **Mozart:** Arias from La clemenza di Tito, Songs. Baker/ECO/Leppard. Philips 6500660. £2.90

The five records listed above chart the development — no, that *is too prosaic a word* — the flowering of Janet Baker as singer and artist over the last *decade. Ten years ago*, a gifted performer with a beautiful voice, whose fine musicianship was *always* at the *service* of the composer, she was more at home on the concert platform than in the opera house, though a sincere and committed actress when she did appear on stage. By 1975, while remaining an incomparable interpreter of Handel and Elgar, she has enormously extended her emotional range to encompass Berlioz as well as Purcell, Donizetti as well as Monteverdi, Mahler as well as Mozart. Wider operatic experience has brought her deeper understanding of *Lieder* and *mélodies*.

In Elgar's *Sea Pictures*, the earliest of the recordings from the three disc HMV anthology, her tone is often ravishing, but there is a slight contralto hoot to the lower register, while the top notes, though beautifully floated, are not always joined to the rest of the voice. Janet Baker's partnership with Sir John Barbirolli had begun in 1964 when she sang the Angel in *his recording of The Dream of Gerontius*, and there is no doubt of their mutual love for Elgar's *music, but even Miss Baker's* advocacy cannot disguise the awfulness of poems such as Elizabeth Barrett Browning's "Sabbath Morning at Sea" or Lindsay Gordon's "The Swimmer." The London Symphony Orchestra provides suitably plushy accompaniment.

It is hard to believe that less than five years separate Ravel's *Shéhérazade* from Elgar's *Sea Pictures*; the two works seem to inhabit different planets. By 1968, when the French song cycles were recorded, Janet Baker's voice sounds leaner, but its burnished coppery bronze sheen glows more brightly and the registers are perfectly integrated. Her splendid French declamation gives a firm backbone to the exotic imagery of "Asie," while the texts of the other two songs are idiomatically strung on the thread of melody. Berlioz suits her vocal timbre even better than Ravel, and in *Les Nuits d'été* she captures the full romantic flavour of Gautier's poems, phrasing "Le Spectre de la rose" and "Au Cimetière" with exquisite sensibility. The New Philharmonia produces delectable tone but is too discreetly recorded.

The Entertainment Guide is on Page 11

The two Mahler cycles, also recorded in 1968, have an added pungency of enunciation and attack. *In Lieder eines fahrenden Gesellen* the rawness of the poet's—that is to say Mahler's—*emotions is powerfully expressed*. Barbirolli takes the first song rather slowly and coaxes *some pretty bird-calls* from the wind section of the Hallé in the second. The mood of *Kindertotenlieder*, less despairing, more resigned, is serious but never sentimental. Janet Baker is *most* affecting in the fourth and, on the surface, least gloomy of the songs. Sir John and the Hallé paint another evocative nature picture in "In diesem Wetter, in diesem Braus." The five Rückert songs, recorded in 1970, the year of Barbirolli's death, have a moving simplicity. The singer's mastery of verbal nuance and control of musical shading is now absolute, especially in "Um Mitternacht" and "Ich bin der Welt abhanden gekommen." The NPO plays with refinement.

The two Philips discs were issued earlier this year. In Handel's early cantata *Lucrezia*, recitative and aria alternate as Lucretia begs the gods to punish Tarquinius for raping her, and dies vowing—in a most striking *accompanied* recitative — to exact revenge herself. There is no Christian gloss of humility, *such as Britten gives to his* Lucretia, about Handel's proud Roman lady, and Janet Baker *attacks the cantata with furious* energy. The other side of the disc contains familiar arias in *Italian from Rodelinda, Ariodante* and *Serse*—a serene and relaxed account of "Ombra mai fu"—*as well as two magnificent* outbursts in English, Dejanira's "Where shall I fly" from *Hercules* and Achsah's "O had I Jubal's lyre" from *Joshua*, sung with irresistible fluency and style.

Raymond Leppard and the English Chamber Orchestra, who supply markedly rhythmic support for Handel, also offer stylish playing in Haydn's short cantata *Beatrice* and in the excerpts from *La clemenza di Tito*. Janet Baker, who took the part of Vitellia in the recent Covent Garden production of Mozart's opera, here sings Sextus's arias "Parto, parto" and "Deh per questo istante solo" with exemplary phrasing and complete dramatic involvement. The sleeve note is mis*leading*: the clarinet obbligato (superbly played here by, presumably, Thea King) was not *originally* written for *basset* horn (that was the obbligato to Vitellia's rondo "Non più di fiori"), *while Sextus was not* sung at the first performance of *La clemenza di Tito* by "a *woman in man's dress*" but by the castrato Domenico Bedini.

In Haydn's *Arianna a Naxos*, Janet Baker is accompanied by Raymond Leppard on the fortepiano. The singer's expressive *use of tone coloration is wonder*fully apt to Ariadne's lamentations at her abandonment by *Theseus*; *Leppard, too, draws* amazing variations of light and shade from the fortepiano. The *two artists fill up the disc with* delightful performances of the Mozart songs "Abendempfindung" and "Das Veilchen." Janet Baker brings as much poetry to the death of Mozart's violet as she does to the death of Berlioz's rose.

Television

'Johnny Go Home'

by CHRIS DUNKLEY

The ITV network is not best known for running *two hour* documentaries in peak viewing time, so expectations of something most unusual *were aroused* when Yorkshire Television's *Johnny Go Home* was scheduled *for a two-part transmission* wrapped around *News at Ten* on Tuesday. The first part endeavoured to tell the story of two children who ran away from home and lived rough in London, and the second part was *concerned with a murder which* occurred in connection with one of the hostels discovered by ITV during the making of Part I.

Reviews of crime fiction appear on Page 12

The temptation is to praise the programme beyond its deserts in the hope that ITV will break away more often from the boring stereotype of repetitive half-hour and 40-minute slots. However, while saluting the network for doing so on this occasion it must also be said that the length of *Johnny Go Home* was not matched by its depth.

In the first part director/producer John Willis used that oddly bastardised technique which might be called reconstructed cinema vérité to tell the stories of Tommy and Annie, the two runaways. With this method he was obliged on several occasions to undertake the pretence that he was using an invisible film crew. For instance when they followed Tommy back to his tenement home in Glasgow, the commentary announced "Tommy hasn't written or phoned for five months" as he approached his parents' front door. Yet when the door was opened with happy cries of welcome nobody even noticed—apparently—that it was not just Tommy who had arrived but an entire film crew which marched right behind him, still ostensibly *unnoticed, into the sitting* room.

Annie was put in a precisely *similar situation*, and the *result* was to destroy the credibility and the power of the film, because one's reactions started to *be those of audience to actor* rather than viewer to reality.

Moreover, the detailing of Tommy's and Annie's stories was not backed up either strongly or expensively enough for the programme *to carry any great con*viction concerning the size of the "runaway" problem. Not by *interview*, *nor* by film, nor by any other method did the programme ever substantiate the claim in *TV Times* that "30,000 homeless young people arrive in London each year and only one in 20 finds a bed. The others sleep on the streets." This may well be so, but one would never have been convinced of it by the programme.

Part 2 explained the events surrounding the murder of Billy McPhee who, like Tommy, stayed in one of the London hostels run by "Bishop" Roger Gleaves. This part was questionable for a quite different reason. Undeniably the torture and murder of McPhee, which was *described in* exhaustive detail, were very nasty indeed. However, since the hostels have *all been closed* by the police, Gleaves jailed for six offences against young men, and the *murderers* also sent to prison the question arises, what was the purpose of this part of *the programme*, and in particular of the closely detailed descriptions of torture?

One was left with a *feeling not* unlike that aroused by some Sunday papers when they campaign against filth and *corruption* by describing filth and corruption in minute detail and at great length—accompanied by *pictures*.

The Young Vic in the autumn

The Young Vic theatre reopens on September 29 with Shakespeare's *Othello directed* by Alfred Lynch, who will also play one of the three Macbeth's in Frank Dunlop's *production at* the Young Vic following its success at five Mexican Festivals.

Rosencrantz and Guildenstern are Dead will be revived, and nearer to Christmas there will be a *new production of Charley's Aunt* by Denise Coffey with Andrew Robertson in the lead.

Ronnie Scott's

Maria Muldaur

by ANTONY THORNCROFT

For once all the hoo-haa about an instant star is perfectly justified—Maria Muldaur, who is appearing this week at Ronnie Scott's, is a delight. Not that Ms Muldaur is any Judy-come-*lately*. *She was singing around* Greenwich Village ten years ago, and was better known by Bob *Dylan and such like as a friend* than by the public as a singer.

Then suddenly it all happened for Maria Muldaur with a (rather dreary and untypical) song called Midnight at the Oasis, and she is over here for the first time as a cult in-person. She is small and plump, wears loose clothes with clever abandon, and has a lovely smile. She also sings the kind of songs that I'm sure virtually everyone would love to hear.

The word to describe her must be eclectic, and it is Maria *Muldaur's choice* at *material and* personality which have made her big. For her voice, I fear, is quite small. It works well enough in a tiny room like Ronnie Scott's but she is very much a close-up to artist and could be lost in an impersonal theatre.

But as she jogs around, supported by quite a fine little band, it is a most pleasant musical treat. *She* sings the blues, and the raunchy Blues Man is a great success; she sings country songs like In My Tennessee Mountain Home; and *she spills* over to cabaret with I'm a Woman. There is a little jazz and a lot *of rock*, but the *great* flavour *is* flair. The songs may not be immediately well known but *after she has performed them* you want to hear them again.

Perhaps on the records her personality does not come over so powerfully, but to watch Maria Muldaur ache for her man, or *sing* about home, *or* just put over a pretty little song is a refreshment after all the heavy music *from heavy performers* over the past few heavy years. Anyone who feels nostalgic for smokey, intimate, sophisticated night clubs, with genuine but updated entertainers, will respond warmly to Maria Muldaur.

Open Air Theatre, Regent's Park

Zoo Story

by MICHAEL COVENEY

Edward Albee's early one-act play has been powerfully performed countless times since its *premiere in 1958. But has Jerry's* opening line, "I've been to the zoo" ever been delivered in so realistically appropriate a setting? Robert Stephens yells it from the back of the excellent new auditorium as he closes in on Michael Gambon, impassively seated as Peter on an iron bench not far from Titania's bower. (Mervyn Willis's production is to be given every lunchtime on Mondays, Tuesdays and Fridays until August 22 as *The Dream* continues each evening.)

Jerry is on his way to a *self*made appointment with death that might or might not be the *result of prior deliberation*. What is certain, is that Jerry's blood is up after a visit to the zoo, and the quiet, respectable image of a bespectacled man on a park bench reading a book is sufficient to release within him a startling stream of confessional anecdotes and private anguish. We hear of the misery and squalor of Jerry's downtown apartment block, where a woman is crying behind a locked door and the landlady's dog has become the focus for Jerry's attempt at reconciling himself to the ugliness of his own (and everyone else's) existence. The monologue becomes increasingly humourless as Jerry sees vividly what he must do and the role to be played by his unwilling accomplice.

This torrential suicide note is delivered by Mr. Stephens with a *riveting intensity* that was, yesterday, totally unspoilt by a few drops of rain. This is an *unaffected and impressively* raw performance that, even in the open air, gripped an attentive *audience as it built to the* terrible crescendo. Mr. Gambon is an excellent foil, filling in Peter's diffident air of participation wth small gestures of complacency and annoyance that produce the right fuel for Mr. Stephens's splendidly maintained head of steam.

WORLD TRADE NEWS

JAL expected to fly the reopened Taiwan route

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, July 23.

THE COMPETITION between Japan's three main airlines for the right to fly the reopened air route to Taiwan is almost certain to end in a victory for Japan Air Lines, according to local reports. However, JAL will have to operate the route through a subsidiary, since Taiwan's ban on airlines "associated" with Peking debars it from direct involvement.

JAL has already released details of the company it plans to form, and is indicating that flights could start in September. The "new" airline will be called Air Orient, and will serve not only Taipei but also some points beyond such as Hong Kong and Manila.

The wholly owned subsidiary has been picked for the Taiwan route in preference to All Nippon Airways and Toa Domestic Airways, because it avoids a breech with *the policy* decision reached in 1972 to give JAL exclusive rights to operate scheduled overseas flights.

All Nippon is allowed, under the same three-year-old policy decision, to operate overseas charter flights. Toa Domestic, the smallest of the three main airlines, campaigned hard for the Taiwan route, but was evidently judged not to have adequate aircraft or experience to operate it.

The Taiwan route was a highly profitable one for JAL before it was severed in April last year by the Chinese nationalists as a protest against the terms on which Japan normalised its aviation relations with China.

JAL had expected to earn a profit of around Y8bn. (£12.4m.) from the route during fiscal year 1974. It is hoping at least to break even during the first year of resumed flights, but the odds would seem to be that the *Taiwan route will once again* prove a substantial revenue earner.

Air Orient will operate 23 flights a week, using DC8's bought or leased from JAL. Before suspension JAL was making 37 flights weekly to Taipei.

The resumption of Taiwan flights has been greeted with a marked lack of enthusiasm by China, but the People's Republic appears to be in no mood to act against Japan by upsetting the *existing arrangements on Tokyo*-Peking flights.

JAL is currently operating two flights a week to Peking and is hoping to be able to introduce a Trans-Asian service which would take its aircraft from Peking to some point in Pakistan or the Middle East. The Trans-Asian route from Peking, which is already being flown by Irainair and Pakistan International Airways, is regarded as a possible Concorde route.

India, Libya form oilwell servicing company

By Our Own Correspondent

NEW DELHI, July 23.

THE INDIAN petrochemical delegation has signed a protocol with the Libyan authorities to form a joint India-Libya company for the maintenance of oilfield equipment and to provide for oilwell services in Libya. Under the protocol, India will also supply technical manpower and training facilities to Libya in the field of oil.

The possibility of establishing joint ventures in petrochemical plants in Libya are included in *the protocol*. The *two* countries have agreed to undertake detailed studies on setting up industries whose products would find a market in India in local industries such as fertilisers, caprolactum, pesticides, drugs and pharmaceuticals.

At the instance of Libya's Minister for Petroleum, the Indian side has agreed to conduct a technoeconomic survey for the establishment of a methanol derivative plant.

The protocol noted that the Oil and Natural Gas Commission of India is considering the offer of oil exploration in Libya. Under an agreement already signed, Libya will supply 2m. tonnes of crude to India.

In the course of their discussions the Libyan authorities indicated to the Indian delegation the possibilities for setting up more joint ventures. For instance, Libya may seek India's *co-operation* in the construction of a 400 km. Western Desert crude oil pipeline and a new oil terminal.

Libya may also need Indian assistance in planning and preparing a master plan for the National Oil Company's proposed petrochemical complex.

Canada will decide this month on new long-range aircraft

BY VICTOR MACKIE

OTTAWA, July 23.

WITHIN TWO weeks the Canadian Government is expected to commit itself to spending close to $1bn. on new aircraft after five years of trying to decide which best patrol Canada's coastlines and vast Arctic space.

The decision is aimed at meeting an August 2 deadline, when aircraft companies have given a *warning* that prices would *rise*. However, Mr. James Richardson, the Defence Minister, has said he doubted whether aircraft manufacturers in competition with one another would boost prices as they are all too eager to get the Canadian contract.

It is likely to be a decision by the Government to purchase new aircraft to replace the 26 aging and obsolete Argus long-range patrol aircraft. The cost will be between $700m. and $1bn. for new machines offered by two U.S. companies.

The Defence Department has been shopping in the showrooms of Lockheed which has three models available, and Boeing, which has submitted one aircraft.

Lockheed is offering the P3C Orion, an anti-submarine patrol unit already in service in the U.S., the P3, a modified Orion carrying sophisticated electronic surveillance equipment, and a mixture of both as a third alternative. It suggests using 23 aircraft.

Boeing's candidate is a 707-320 which, like the P3, is still on the drawing board. The Boeing submission is based on 18 aircraft.

Yugoslavia seeks access to EIB

By Our Own Correspondent

BELGRADE, July 23.

YUGOSLAVIA HAS asked for access to European financial institutions, in particular the European Investment Bank, well informed sources have confirmed here. However, the request was made as a matter of *principle, it was said, and there* were no immediate plans to ask for loans.

The move would balance Yugoslavia's access to Comecon banks such as the International Investment Bank, whose facilities Yugoslavia has yet to draw on.

During a recent visit to Belgrade the EEC Commission President, M. François-Xavier Ortoli, said the EEC was in *favour* of extending co-operation with Yugoslavia, but members' approval was needed.

If the Council of Ministers gives the green light to the Commission and negotiations within the Yugoslav-EEC mixed commission are successful, Yugoslavia would submit projects of mutual interest. They would be mainly in infrastructure, such as highways and railroads linking Western Europe to the Middle East, and telecommunications.

Dunlop exports at peak £45m.

Financial Times Reporter

DIRECT EXPORTS from Dun*lop's U.K. factories in the first* half year were a peak £45m., an increase of 30 per cent. compared with £34.5m. a year earlier.

Greater overseas market penetration was achieved across the range of the company's activities. For the first time, the U.K. tyre group broke through the £10m. mark for a six months period. The aviation division also reached a half-year record of £3.5m. in a sector which has not *been particularly expansionary*.

The belting group achieved a 66 per cent. increase to £1.9m. largely as a result of a sustained sales drive in Central and South America. The three hose divisions between them raised overseas sales to £8.7m., an increase of 58 per cent.

IN BRIEF

Mexico's imports

Mexico plans to ban imports of "unnecessary" luxury items for the rest of this year, selecting only essential products such as prime materials, machinery and equipment, said Sr. Antonio Martinez, Secretary for Industry and Commerce.

Transkei port

Dutch and French experts are to study the possible building of a deep-water port for the Transkei, which in 1976 will become the first of South Africa's black homelands to achieve independence. Forty West German industrialists are to visit the Transkei in November to investigate investment potential.

S. Korea textiles

Negotiations between South Korea and the EEC on possible *limitation of Korean textile* exports have been suspended until the autumn.

Leyland sells Authi plant in Spain for £10m.

BY ROGER MATTHEWS

MADRID, July 23.

BRITISH LEYLAND is to receive an immediate interim payment of Pts.100m. (£800,000) for the partial sale of its Spanish subsidiary Authi. The deal, agreed and signed late yesterday with Spain's biggest car manufacturer SEAT, puts a price tag of Pts.1.1bn. (£8.76m.) on the main assembly plant at Pamplona and a further Pts.150m. (£1.19m.) on the much smaller components plant at Sampedor, near Barcelona.

Originally Authi had agreed to sell these two plants, plus its engine factory at Lor Corrales de Buelna, near Santander, to General Motors for £27.5m. However, GM and the Spanish Government were unable to agree on terms.

The future of the engine plant with its near 2,000 workforce is still unresolved, although it has been reliably learned that at least two organisations are interested in its purchase. One is understood to be a still unnamed consortium of car component manufacturers, and the other Motor Iberica, the Barcelona-based company in which Massey-Ferguson has an important stake.

Motor Iberica builds lorries, tractors, commercial vehicles and diesel engines. It is thought that would-be purchasers of the Authi engine plant will be looking to the Government for assistance, perhaps through loans made at particularly advantageous terms.

Since the Government took such an obdurate stance in face of GM's desire to break into the Spanish market—prompted by some existing manufacturers in Spain—it is only to be expected that companies helping the *administration out of its dilemma* should receive some practical encouragement.

SEAT, in which the State and the Italian manufacturer Fiat each have 37.5 per cent. stakes, has certainly acquired a bargain. SEAT to-day predicted that the future capacity of the Pamplona assembly plant would be around 100,000 units, a figure well over double that ever achieved by Authi. Initially, the company intends to produce its 124 model there. The first car is expected *to roll off the lines early next* year. The range will later be extended to cover other models, particularly the 131.

Motor industry sources reacted to the announcement with considerable scepticism, pointing both to the depressed state of the internal market and to SEAT's declining share. Additionally, Ford, although limited to the number of cars it can sell in Spain, will begin production *of its "compact" car at the* Valencia plant in the autumn of next year.

NEW SOFT FRUIT HARVESTER

A SOFT fruit harvester which can replace 500 hand pickers, is winning export orders in Western Europe.

The Hydrapic Twin Harvester, developed by Smallford Planters, St. Albans, Herts., in conjunction with the National Research Development Corporation, will demonstrate its versatility by harvesting raspberries during a sales tour of France and Germany this month.

An attachment for reaping gooseberries has been developed by the manufacturer and will be marketed next year.

Export orders for the basic machine have already been placed by *blackcurrant growers* in Czechoslovakia, Yugoslavia, Hungary and Bulgaria.

Export Contracts

OSBORN TECHNICAL SERVICES (Samuel Osborn) has received the first instalment of a £500,000 consultancy fee to provide "know-how" to the South Korea Special Steel Company. Osborn will assist the Koreans to build a £20m. factory near Pusan.

The three-year order worth £1m. received by KASPARIANS, Essex, for racing and family boats covers Richmond Marine's Minisail, Skipper and Mariner sail boats.

BURMAN AND SONS is supplying special power steering units to Ford, Amsterdam, where the new 42-ton H series trucks are being built. Output is expected to rise to 4,500 vehicles annually over the next three years.

TURRIFF TAYLOR will build a £2.8m. gas compressor station in Iran.

ROMANIAN FLOOD CATASTROPHE

Repercussions on Western exporters

BY PAUL LENDVAI, RECENTLY IN BUCHAREST

IN THE wake of the severe flood catastrophe which this month severely hit the Romanian economy, Western exporters to this hitherto rapidly expanding market are likely to be faced with a new situation. During the past few weeks British and other Western businessmen have been unable to secure new orders, and negotiations about agreements, already initialled, have been often suspended. It is estimated that the present hiatus, which may last for a month, has affected £5m. of contracts already secured by British exporters but not yet signed.

Cancellations

Meanwhile, Austrian companies were *already informed* about the unprecedented cancellation of major orders awarded quite a time ago. On the eve of Austrian Chancellor Bruno Kreisky's official visit, the State agency, Metalimport, sent a telegram to the Austrian Trade Representative's office at Bucharest announcing the cancellation of special steel and engineering contracts to the tune of £4.2m. Breaking with diplomatic courtesies, Mr. Kreisky raised the matter at the beginning of the official talks with President Nicolae Ceausescu. The visibly irritated and surprised Romanian leader asked his Foreign Trade Minister immediately to "clarify" the matter. Both he and Mr. Kreisky were told that the matter was attributable to a "misunderstanding." In fact, the Romanian trade agency merely wanted a suspension of deliveries because of transport difficulties during the state of emergency caused by the floods.

Be that as it may, Western exporters doing business with Romania are bound to feel the repercussions from the flood catastrophe. It came at a time when U.K. exports were doing extremely well. After two years of stagnation, U.K. sales to Romania rose during January-May, 1975, by 40 per cent. to over £22m. compared with a year earlier.

In 1974 for the first time, Romania recorded a slight surplus in bilateral trade, with exports to Britain rising from £31.7m. in 1973 to £34.2m., while U.K. exports showed a slight fall from £34m. to £33.5m. British Embassy officials, however, stress that in contrast to seasonal factors such as contracts for irrigation schemes, which boosted exports to a peak *of £39m. in 1972*, last year's exports were not influenced by major orders.

The fact, furthermore, that the imbalance in Britain's favour was reduced from £10m. in 1971 to nil last year should provide for increased Romanian goodwill with British exporters. The contracts, worth £19m., awarded to British Aircraft Corporation for five aircraft last spring will give, from 1977, a new push to British sales. Nevertheless the deterioration of the economic situation is bound to lead to an even sharper competition for Romanian orders.

Even before the floods, president Ceausescu complained about the rising deficit, which last year increased by $200m. with regard to the hard currency areas. The non-convertible surplus in trade with the Communist countries was a meagre consolation.

New credits

President Ceausescu called last week for "special attention to exports" and curbs on imports. Trade with Western Germany, Romania's No. 1 Western trading partner and accounting for 11 per cent. of the foreign trade total, jumped last year by 37 per cent. but during the same period the imbalance in West Germany's favour more than doubled to DM872m. (£160m.).

The Romanians have approached Germany, Austria and other countries for new long-term credits at low interest rates, arguging that Romania is a developing country. During the recent talks with Mr. Kreisky, the Romanian side asked that an investment credit of Sch.2bn. (£52m.) should be granted for a period of 15 years at an interest of 3.5 per cent. Neither the Germans nor the Austrians are likely to grant loans on such terms.

The Romanian efforts to attract direct foreign investments are proving more successful. During the last 12 months or so five joint companies were formed with U.S., French, German, Italian and Japanese concerns. A sixth contract was signed last week with the Austrian Kohmayer Company about the setting up of a plant to manufacture chains. It has a *£3m. capital, and production* staff should total 700. At the same time there are already 27 joint production enterprises with Romanian participation in foreign countries.

Finally, the U.S. Congress is now certain to grant Romania most favoured nation trade status. Within a year Romanian exports to the U.S. have doubled to $131m., while U.S. sales in Romania jumped from $116m. to $272m. last year. It is hoped that the granting of most favoured nation status will lead to a rise of Romanian exports by a further $120m.

AMERICAN NEWS

Greenspan sees greater GNP growth than forecast

BY ADRIAN DICKS

WASHINGTON, July 23.

DR. ALAN GREENSPAN, Chairman of President Ford's Council of Economic Advisers, predicted to-day that on the basis of the economy's performance during the first six months of 1975, there would be a somewhat stronger pick-up in production and employment in the second half than had been generally anticipated.

The President's chief economic policy maker did not offer a new figure of expected Gross National Product growth, but he said there was now a consensus among economists that growth would be markedly greater than the recent forcast by the Organisation for Economic Co-operation and Development. This predicted GNP growth of about 5 per cent. during the second half of 1975 and of about 5½ per cent. during the first half of next year.

Dr. Greenspan also sought in testimony to the Joint Economic Committee of Congress to set at rest fears that President Ford's *proposals to decontrol domestic* oil prices, coupled with the expectation of an increase in the OPEC price, would have a harmful effect on the U.S. recovery. He said that a $2.25 a barrel increase in the OPEC price, coupled with the phased decontrol of "old" oil prices over the next two years, would increase the nation's fuel bill by $22bn.—or little more than half the figure suggested by a similar study by the Congressional Budget Office.

Dr. Greenspan's remarks coincided with fresh reports this morning that the president may after all be willing to try to compromise in his decontrol plans with the blank refusal Congress has so far given to any move that would raise prices at the petrol pump. One possibility appeared to be that he would agree to phase out price controls—due to expire at the end of August—over a slightly longer period.

However, this morning's hearing of the JEC underlined the deep differences between the *Democrats* and the Ford Administration. Mr. Greenspan insisted that there should be no further stimulus to recovery, arguing that it would be impossible to "put back in the box" any measures taken now that turned out later to be over-expansionary.

The Administration still expects inflation to run at between 6 and 8 per cent. for this year as a whole, and regards the 0.8 per cent. increase in retail prices during June as an aberration from the underlying trend. Dr. Greenspan also conceded that the 0.4 per cent. rise during May was another single month result that did not indicate the basic trend.

He based his prediction of a more rapid rate of recovery primarily on the steep drop in business inventories registered in recent months, arguing that the logical result of this would be a sharp upturn in inventory accumulation and thus of orders to manufacturers.

As on past occasions, Dr. Greenspan faced strong scepticism from Democratic Senators on the strength of the recovery and on the probable impact of the President's energy proposals. Senator William Proxmire called for a rate of growth of at least 11 per cent. in line with past phases of recovery from recession.

Senator Hubert Humphrey voiced widely felt doubts that Mr. Ford's promise to rebate through the tax mechanism the extra cash cost of energy to consumers would effectively restore the purchasing power sucked out of the economy by higher prices at the petrol pump.

Ford's election optimism

WASHINGTON, July 23.

PRESIDENT FORD said to-day that he believes that the polls indicate at the present time that he could defeat Senator Edward Kennedy in a Presidential election.

He also said that he does not "talk about allegations concerning an opponent" when asked whether the Chappaquiddick incident involving Senator Kennedy would be a liability for the Senator, particularly after Watergate.

Mr. Ford said that he thinks Senator Hubert Humphrey of Minnesota, Henry Jackson of Washington and Edmund Muskie of Maine are among the most formidable contenders for the 1976 Democratic Presidential nomination.

Senator Kennedy has repeatedly stated that he would not accept the nomination for President and Mr. Ford has said previously that he took Senator Kennedy at his word.

"Do you think that Chappaquiddick would be a liability for him, particularly in the wake of Watergate?" Ford was asked. "I don't think that I should pass judgment on his assets or liabilities," he replied.

On foreign policy, President Ford said that he expects to have two meetings in Helsinki, during the European Security Conference with Soviet leader Leonid Brezhnev late this month. He said that the two leaders will have an opportunity to "make some tentative decisions that would seek to implement what we generally agreed to" on *limitation of strategic arms*.

UPI

Senate Concorde vote defeated

By Michael Donne
Aerospace Correspondent

AN ATTEMPT by opponents *of Concorde* to prevent the airliner from landing anywhere in the U.S. was defeated by only one vote in the powerful Senate Appropriations Committee late on Tuesday.

The Committee rejected by seven votes to six a plan put forward by Democrat Senator Birch Bayh of Indiana, blocking the use of government funds for air traffic control services that would be used by any supersonic transports, either Concorde or the Soviet TU-144.

His plan had been included as an amendment to the Transportation Department's annual Appropriations Bill. A subcommittee had earlier also defeated the amendment by a narrow margin.

But the Committee's decision is hardly good news for Concorde. Senator Bayh warned that he intended to try to get the amendment restored when the full Senate debates the Transportation Bill, *probably* after the summer recess.

What is ominous is the narrow margin by which the anti-Concorde amendment has been defeated on two successive occasions, clearly reflecting a groundswell of opposition to the aircraft for *environmental reasons*.

The Senate attack is only one hurdle that Concorde has to overcome in its fight to win U.S. acceptance. In the House of Representatives, Mr. Lester Wolff, representing New York, who is a bitter opponent of Concorde, has presented a Bill aimed at removing all control of aircraft noise from the Federal Aviation Administration and passing it to the Environmental Protection Agency.

If approved, this would ensure that the FAA would no longer have any jurisdiction over aircraft noise, so that any recommendations it might make in its forthcoming final Environmental Impact Statement on supersonic noise issues would have little validity.

So far, Mr. Wolff's Bill has only been presented, and has yet to pass many hurdles before it can become law, but it illustrates the increasingly hostile U.S. climate where aircraft noise of all kinds is concerned.

The extent of this hostility can be gauged from the fact that Mr. Wolff has also introduced another Bill, seeking up to $750m. in Federal aid to enable airlines to "retrofit" up to 2,000 of the older and most noisy subsonic jet airliners over the next five years so as to make them more socially acceptable at airports throughout the U.S.

Pan Am-Eastern merger off

BY JAY PALMER

NEW YORK, July 23.

PAN AMERICAN World Airways, the financially troubled U.S. *international* flag airline, announced this morning that it had discontinued its merger discussions with Eastern Airlines. Pan Am, which refused to discuss the reason for the breakdown in negotiations, pointed out that it is continuing merger studies with American Airlines.

This failure to come up with any mutually viable merger agreement comes only a month after Pan Am had to announce that it had broken off merger talks with Trans World Airlines. It also coincides with increasing doubts that Pan Am's long talked about refinancing deal with the Iranian Government will actually come about.

Although the Iranian Government is *still* maintaining an official silence over week-end reports that the Pan Am deal was off, officials in Washington appear to be becoming increasingly convinced that the rumours are accurate. Most conclude that the change in the Iranian attitude stems not from lower than anticipated oil revenues but rather from realisation that Pan Am's financial plight is far more serious than originally suspected.

As if to prove its ability to go it alone, Pan Am this morning released second-quarter 1975 financial figures showing a very small net profit of $4m. However, the airline made a loss in the month of June and over the first six months of this year has made a loss of $55m. after tax credits. *With no further tax credits available* this year, the airline has not altered its own projection that the year as a whole will show a loss.

The crucial point about the airline's ability to survive does not centre on its operating performance, but rather that the absence of aid from Iran (or even from the U.S. Federal Government) will leave its net worth almost certainly below the minimum levels demanded by creditor banks. While credit terms could be negotiated, at the moment the airline faces a drying up of available and highly necessary credit.

NY Governor reshuffles city aid corporation

BY JAY PALMER

NEW YORK, July 22.

NEW YORK State Governor Hugh Carey, apparently desperate to break the current deadlock between New York City and its municipal unions, this morning announced a top level management shake-up of the Municipal Assistance Corporation.

In recent weeks Big Mac, as the State agency has been nick*named, has spearheaded* city negotiations with its unions to come up with a mutually acceptable economy programme. Without drastic city economies, Mac officials predict that they will not be able to raise any funds for the city in time to avert debt default in the middle of next month. This possibility has prompted the city council to set up a special study to examine the application of the Federal bankruptcy law to the city.

Most of the Mac management changes are seen as involving the promotion of "hardliners" opposed to any significant compromise in the union negotiations. Observers here suggest that the changes are the Governor's answer to union leaders' refusals to negotiate any compromise or accept any of the proposed measures on the assumption that the city will give way first.

Meanwhile, Mac leaders warned that the sharp price fall of recently issued bonds would certainly work to deter investors from buying the agency's planned second $1bn. issue early next month. *The failure of the issue*, a certainty in the absence of any visible attempt by New York city to put its financial affairs in order, would mean that New York will run out of money on August 14 and on that date automatically be declared in debt default.

With this looming possibility, Mac officials will later this week go to Washington to hold a second round of talks with Treasury Secretary William Simon. While some city leaders are apparently hoping that this meeting, to be held at Mr. Simon's request, indicates the possibility of Federal aid being made available, a Treasury spokesman stressed that there had been no change in the Ford Administration's opposition to giving such.

N-talks anger Washington

BY DAVID FISHLOCK, SCIENCE EDITOR

BECHTEL, one of a score of U.S. companies granted limited access by the U.S. Government to highly classified uranium enrichment technology, in the hope that it might invest in new U.S. enrichment capacity, has angered Washington by starting unauthorised discussions with the Brazilian Government about construction of an enrichment plant in Brazil.

Bechtel Corporation are partners with Goodyear Tire and Rubber *in a consortium called* Uranium Enrichment Associates.

According to the latest editions of the U.S. journal Science, the discussion between Bechtel and the Brazilians took place in March, at a time when the U.S. Government was bringing great pressure to bear on Bonn to break plans for a treaty under which Germany would supply Brazil with virtually a complete nuclear energy industry, including the "sensitive technologies" of enrichment and reprocessing. The treaty was finally signed on June 27.

The U.S. Government has never given approval for its enrichment technology to be used abroad, even if it were under total U.S. control.

The journal quotes a State Department official as saying that the Bechtel discussions played into the hands of Bonn officials who asserted that U.S. objections to the treaty owed more to commercial pique than to any concern for the proliferation of sensitive nuclear technologies.

Conflicting views emerged of the circumstances surrounding the company's offer to Brazil. The prevailing view among State Department officials familiar with the story, says Science, is that it arose from a "gradual misunderstanding of U.S. enrichment policy."

But the journal obtained a different view from a company executive, who said Bechtel was making a specific proposal to the Brazilians and who also dismissed any idea that a Bechtel salesman might have been acting without his company's full authority.

'Soviet turbines dumped' claim

BY JAMES SCOTT

TORONTO, July 23.

THE DOMINION Engineering Works of Lachine, Quebec, has asked the Canadian Government to investigate alleged dumping by the Soviet Union of hydraulic turbines for electric power generation in Canada. An official of the Department of National Revenue said it is the first time he can recall that an anti-dumping complaint has been lodged against goods from the Soviet Union, although there have been cases of dumping alleged against other Communist bloc countries and instances of the Government ruling that dumping existed.

Dominion Engineering has refused to make public any evidence supporting its allegation or even to specify what incidents of alleged dumping it was referring to. It refused to confirm or deny that the complaint deals with contracts awarded to the Soviet supplier by the British Columbia and New Brunswick power commissions. The Soviet trading corporation Energomachexport, represented in Canada by Emec Trading, earlier this year was awarded *a $25m. contract* for four turbines to be supplied to the British Columbia and New Brunswick electric utilities.

Since dumping is defined as export sale at below the price domestic market values would indicate, enforcement of dumping legislation poses special difficulties when the goods come from countries without market economies.

Venezuela oil charge

CARACAS, July 23.

VENEZUELA'S Federation of Public Accountants to-day formally accused 19 multi-national oil *companies* operating here of extracting more than 128m. barrels of crude oil in excess of concessions granted by the state.

An official denunciation presented to Congress and signed by Federation President Luis Freites said the companies should repay the state more than $2bn.

It charged the companies with having "milked" the extra oil *from their concessions over and* above quantities they were officially allowed to extract and export.

The Accountants' Federation asked Congress to fix a 90-day term for the companies to repay the equivalent of $2bn. in crude once the excess was confirmed by the state oil corporation.

The accusation came as Congress was debating an oil nationalisation Bill presented by President Carlos Andres Perez, which will cancel all oil concessions and is expected to be promulgated shortly.

Reuter

Peron ill-health report denied

BUENOS AIRES, July 23.

THE ARGENTINE Interior Ministry has denied a further report that President Maria Estela Peron is about to request leave of absence to recover from physical exhaustion.

The report by a local news agency last night quoted Interior Minister Antonio Benitez as telling a visiting political delegation that "the health of Senora Peron is suffering from serious deterioration, which could bring a request for leave of absence."

Senor Martin Dip, a leader of the Revolutionary Christian Party, said that Sr. Benitez had appealed to politicians not to impose too heavy a work burden on the President, the report said. But an Interior Ministry communique denied that Sr. Benitez had made such remarks, and threatened legal action against the author of the statement.

Reuter

Chile mine unionists held

By Our Own Correspondent

SANTIAGO, July 23.

ELEVEN copper union leaders were arrested at the El *Salvador copper mine by forces* under the command of Atacama provincial governor, Lieutenent-Colonel Arturo Alvarez, according to union sources. It had been reported officially yesterday that seven copper union leaders had been detained when they were caught attending an unauthorised labour meeting.

Union sources reported that the series of arrests started *last Thursday night and* continued through Friday, involving a total of 11 people at the different campments of the El Salvador copper mine.

Holland faces migrant rush

By Michael Van Os

AMSTERDAM, July 23.

THE NUMBER of Surinamese (Dutch Guyana residents) wanting to move to Holland prior to their country's official independence on November 25 continues to swell.

According to the latest report from the capital, Paramaribo, about 10,000 Surinamese have left for Holland in the first half of this year with one-way tickets, which is about the same number as for the whole of last year.

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Indian Parliament's final approval of emergency

NEW DELHI, July 23.

THE INDIAN Parliament, dominated by the ruling Congress Party, to-day gave final approval to last month's Government proclamation of a renewed state of emergency in the country.

The vote in the Lok Sabha, the lower house, was 336 to 59 in favour of the resolution. The pro-Moscow Communist Party of India members supported the Government.

Most of the 59 who voted against the emergency immediately walked out, saying they would boycott the rest of the week-long special session—one of the shortest parliamentary sessions ever with many of its normal functions curtailed.

Yesterday, members of seven parties and four independents also walked out of the Rajya Sabha (upper house) after it had approved the emergency by a Government majority of 136 to 33.

The Opposition included the Hindu Nationalist Jan Sangh, the Opposition Congress, the Marxist Communists, the Indian People's Party as well as independents.

A statement on their behalf read out in the Rajya Sabha and repeated in the Lok Sabha to-day, said they were satisfied no useful purpose would be served by attending the session as Parliament was not being allowed to function in a free and democratic manner.

The two houses, with most of the major opposition groups absent, will now consider a constitutional amendment Bill to prevent the emergency proclamation being challenged in courts of law.

Mrs. Indira Gandhi, the Prime Minister, who addressed both houses to explain why the Government had been forced to act, described the emergency as a "painful necessity."

She called on the nation to work together to use it as an opportunity for national progress based on discipline and self-restraint.

The Government's parliamentary agenda for the rest of the week is largely aimed at regularising various presidential orders giving sweeping powers of arrest, amending the constitution so that the emergency declaration cannot be challenged in the Supreme Court, and adopting Bills covering various financial, economic and social measures.

Reuter

Angolan battle despite ceasefire

LUANDA, July 23

FIGHTING RAGED in two suburbs of the Angolan capital to-day despite a ceasefire agreed last night between the two main rival liberation movements.

It was not clear whether the fighting was as intense as a week ago when the Marxist Popular Movement for the Liberation of Angola (MPLA) established its control over most of the seaside capital.

Shooting broke out in the suburban townships of Cuca and Cazenga during the night and early this morning. Then, after a lull during which it appeared that the ceasefire—the seventh this year—was taking effect, firing resumed in the afternoon.

There were also reports of fighting around the key road junction of Caxito 40 miles north of Luanda but it was not known if it was a patrol skirmish or a major clash. Fighting was reported at the road junction last week-end and a Portuguese military spokesman said that troops belonging to Zaire-based National Front for the Liberation of Angola (FNLA) were infiltrating down the coast towards Luanda.

Portugal has said that it would intervene to stop the forces from entering the city to prevent more severe fighting but the FNLA has indicated that it may draw the Portuguese into the fighting if its troops were blocked.

FNLA forces, which were driven from most of their camps in Luanda during the latest fighting, are holding on to a 16th-century colonial fort overlooking Luanda Harbour.

The ceasefire, following two weeks of fighting in which more than 300 people are believed to have been killed, should have come into effect at midnight. It was announced by Angola's National Defence Council, which includes liberation movement and Portuguese representatives. But only four hours before it was due to go into effect, a bomb destroyed the offices of the newspaper Jornal de Angola, which is half-owned by the FNLA.

At a Defence Council meeting yesterday, the warring liberation movements agreed not only on a ceasefire but also on the withdrawal of troops to their barracks and the pull out from Luanda of forces above the number permitted by previous agreements.

● The Organisation of African Unity (OAU) is keeping all its options on Angola open including the possibility of sending a peacekeeping force there to stop the fighting between rival liberation movements, an OAU spokesman said to-day in Kampala.

Mr. Peter Dnu, an assistant Secretary-General to the OAU, said that the leaders of the three movements and their military commanders had been invited to attend next Monday's OAU summit.

Reuter

Israel in Lebanon clash

BY IHSAN HIJAZI

BEIRUT, July 23.

A LARGE-SCALE battle took place early to-day inside Lebanese territory between Israeli forces and the Lebanese army and Palestinian guerillas.

The Israelis have admitted that seven of their soldiers were wounded. A military spokesman here said a Lebanese woman and a child were wounded and that two houses were blown up at the village of Kfar Kella.

The spokesman said an Israeli force had entered Lebanese territory near the village of Kfar Kella and Wadi Hora in the Marjiyoun district. Lebanese artillery shelled the troops and stopped them from combing the area, he said.

A helicopter arrived on the scene and picked up enemy casualties, the spokesman said and added that the Israelis left behind blood stains after they crossed back into Israeli territory.

● THE HOUSE of Representatives International Relations Committee in Washington to-day gave the Ford administration 24 hours to come up with a compromise on a controversial plan to sell Jordan $350m. worth of missiles. The Committee agreed to a one-day postponement of its vote on blocking the sale after hours of behind-the-scenes manoeuvring by State Department officials.

Reuter

'Burden' to Zambia of UN sanctions

By Trevor Grundy

LUSAKA, July 23.

KEEPING ITS border closed with Rhodesia will have cost Zambia an estimated R212m. by the end of this year, says a special report issued here to-day by Sir Robert Jackson, co-ordinator of United Nations assistance to Zambia.

This estimate is R25m. higher than that projected a year ago and is yet another example of the extent to which higher energy costs and inflation have influenced the cost of transport in all forms and still further increased the burden on Zambia's resources. The special report, issued on behalf of U.N. Secretary General Kurt Waldheim, says that Zambia has had to bear an "exceptional burden" in implementing U.N. sanctions against Rhodesia.

Tony Hawkins writes from Salisbury: Another 130 black pupils have absconded from two mission schools in Rhodesia close to the Mozambique border. This brings the total of secondary school children—mainly boys—that have left the country (presumably to join the guerilla "army") to more than 300 in recent weeks.

THE LAOTIAN ECONOMY

Back to the bicycle

BY KEVIN RAFFERTY, RECENTLY IN VIENTIANE

VIENTIANE, the administrative capital of Laos, is not quite a one horse town, but the way things are going it might soon become the modern poverty stricken equivalent of backwardness—a one car town, with perhaps a handful of Hondas for the privileged Politburo Ministers.

Laos is poor. It is not poor in the teeming population sense of Bangladesh, but in a much drabber way. In Bangladesh the hopelessly overspilling people give an illusion of vitality which is lacking in Laos. Laos was the backwoods, to put it politely, of the French colonial empire in Indo-China. For the last two decades it has been dragged semi-permanently through wars, both the wars of its neighbours and its own scruffy fights. Now that a sort of peace is at hand, it has to find a way of importing practically every basic necessity including food and clothing and magically to find the money to pay for it from a nearly empty treasury.

By the end of the month its foreign exchange reserves will be almost doubled by the injection of $4.15m. from the western signatories to the foreign exchange operations fund. After another few months it may be able to claim another $2.35m. from Australia, France and the U.K. But then western aid will have dried up for the year and perhaps for ever, and at the moment imports of petroleum oil alone are running at an annual rate of $10m.

Without being unkind, trying to work out the foreign trade accounts of Laos is like playing toytown arithmetic. Throughout the late 1960s exports never reached 10 per cent. of imports. In 1970 recorded exports were $3.4m. and imports $55.7m.; the following year exports were $2.9m. and imports $39.4m. There was also some smuggled trade, but Laos is so poor that its value should not be exaggerated.

With the ending of the war some pressures may ease. Without the military use of petroleum oil the oil bill might fall to $8m. Tin mines, closed because of the fighting, may be reopened. What is left of the $1m.-worth of cut timber may be exported—if indeed the independent chieftains on both sides have left any from their own exploitations for national exports.

On the other side Laos needs to import between 70,000 and 100,000 tons of rice to meet its consumption of 650,000; at concessional prices of $200 a ton from Thailand that would eat up $14m. at least though communist neighbours may assist the Vientiane government. But besides rice Laos imports meat, fruit and vegetables, clothing, medical supplies and raw materials for industry.

Industry, poor as it is, may need reorganising in the eyes of the new communist rulers. Apart from small plywood and steel roofing sheet factories, cement and wood flooring factories yet to be completed, the rest of industry consisted of a brewery, a Coca-Cola bottling plant, a Pepsi-Cola bottling plant and a cigarette factory.

Mere analysis of industry fails to state the full extent of the trade and employment crisis which is likely to hit Laos. Until now, the Americans have provided the rations for the members of the Vientiane side army: in addition the U.S. injected $2.5m. a year to buy the kips for the salaries of its local employees. Several thousand people will be out of work with the American cut-back. Of course, it is possible that the Pathet Lao could drive the few hundred thousand urban people back to the fields as the Khmer Rouge had done in Cambodia; but Cambodia to-day is suffering from food shortages and Laos was never as productive as Cambodia. In a few years perhaps new lands can be turned over to paddy, and there are signs of this process having started.

> Mere analysis of industry fails to state the full extent of the trade and employment crisis which is likely to hit Laos. . . . It is possible that the Pathet Lao could drive the few hundred thousand urban people back to the fields as the Khmer Rouge has done in Cambodia; but Cambodia to-day is suffering from food shortages and Laos was never as productive as Cambodia.

Communist neighbours will not stand idly by, but they are limited by the nature of the terrain and the fact that most of Laos' natural links are with Thailand. In fact a string of provincial capitals are all situated just across the Mekong from Thailand. It will be some time before links through Vietnam to the South China Sea can be completed. As an example of the Laos' dependence on Thailand even the limited 10,000 tons of rice provided by China goes to North Vietnam which then buys an equivalent amount in Thailand for transporting to Laos.

On top of all this Western aid is gravely threatened. Unless the Americans change their tune suddenly Laos will be $11m. short compared with last year on the American account of the foreign exchange operations fund alone. Japan has also halved its contribution to $1.8m. and the British and Australian contributions to the fund have slipped because of their devalued currencies. Laos is unlikely to put in more than $3m. on its own account compared to $8m. last year. With the French contribution remaining at $2.3m. the total fund this year will be about $15m. against double that the previous year.

Most western nations now doubt the usefulness of such an aid fund. When it was agreed in 1963 the idea was to contain inflation and help foreign exchange reserves, but to-day most aid-giving nations would object to such a straight prop to foreign exchange reserves and would seek to make more useful and lasting contributions to progress. It is most unlikely that the new Communist rulers of Laos will be prepared to play a more "gentlemanly" game as part of a bargain for American aid. In which case Laos will become sterner and drabber. Vientiane is shabby enough as it is. Someone a long time ago cut down the trees with which the French gave a cloak of decency to even these mean streets. The roads are full of jagged hazardous potholes. Almost the only colour is provided by the busy Chinese, Indian and Pakistani traders. Many of these admitted to me that their bags and their foreign currency piles were packed. "At the first sign of a change we shall go," one Tamil told me. The signs are already on the way. The Americans and the Pathet Lao are arguing to quote one observer "with one side fighting over the status and ownership of American aid typewriters and fire engines and the other still wearing the scars of the carpet bombing and demanding an apology;" the cars borrowed or stolen from the American compounds are being driven hell for leather around Vientiane giving hardfaced Pathet Lao boys their first thrills at the hands of American machinery. While all this is happening the first consignments of bicycles from Hanoi and Peking are arriving.

Japanese budget deficit expected this year

BY CHARLES SMITH

TOKYO, July 23.

JAPAN IS likely to have to embark on large-scale deficit financing this year in order to bridge a gap in the national budget caused by a shortfall in tax revenue, according to financial observers in Tokyo.

The budgetary gap is put at something over Y2,000bn. (£3.1bn.) and special legislation will be required to permit the Ministry of Finance to borrow the necessary funds.

The Ministry is said to have gained the consent of the ruling Liberal Democratic Party to put up an emergency Finance Bill at the extra-ordinary session of the Diet due to be held in the early autumn.

The reason why tax revenue has fallen far short of original expectations is that Japanese company profits registered their biggest post-war decline in the six months ending last March and are still declining, if anything more rapidly than ever.

The tax shortfall is provisionally estimated at around Y1,200bn. (about £1.8bn.). There have been unexpectedly large deficits on some special accounts in the Budget, and the Diet deprived the Government of some Y350bn. worth of revenue by failing to pass Bills for increasing liquor taxes and cigarette prices during its last regular session.

The Y2,000bn. or so of deficit-covering bonds would be in addition to the Y3,000bn. worth of National Construction Bonds which the Government is already scheduled to issue this year—meaning that the nation's financial institutions will have to absorb a total of around Y5,000bn. worth of bonds during the year in order to keep the Government solvent.

Wako Securities meanwhile suggested that Japanese company profits may show an average after-tax decline of 23 per cent. during the current six months business term (ending next September).

This would be the fourth successive six-monthly decline in business profits and the biggest since the war. The profit decline for the six months ending last March is estimated by Wako at 22 per cent. for profits before tax Wako is forecasting a decline of no less than 34 per cent. in the current six months period.

Among the factors causing a further fall in profits, Wako lists disappointing exports (these have been running below the previous year's level for the past two months) and slow progress in inventory adjustment by many industries.

Industries expected to show particularly sharp profit declines include steel (despite an impending rise in domestic steel prices) and oil refining. Industries expected to show improved profits (or in some cases reduced losses) included textiles, electric appliances, construction and non-ferrous metals.

EUROPEAN NEWS

W. Germany halts placing of foreign bond issues

BY NICHOLAS COLCHESTER BONN, July 23.

THE WEST German Central Capital Market Committee, consisting of representatives of the Bundesbank and the major German banks, to-day decided to call a complete halt to the placing of foreign issues in West Germany from now until the end of August.

The move, which includes private placements, is designed to hold down interest rates in the German capital market by protecting it from the demands of foreign borrowers.

To-day's decision is plainly consistent with the wishes of the Bundesbank which was once *again forced to-day to take action* to counter a sudden upward flurry of interest rates in the German money and bond markets. This flurry threatens to undermine the conditions so necessary for internal economic revival. Besides purchasing record quantities of bonds the Central Bank to-day decided to resort to repurchase agreements to bring short-term relief to the money market.

In the bond market the Bundesbank is reckoned to have taken some DM400m. of bonds on to its books to-day. So far in July the bond market has lost most of the gains that it showed between March and June. In that period yields on long-term issues fell from 8.9 per cent. to 8.4 per cent., and *the effective rate is* once again squeezing up towards the higher of those two figures.

Two developments are worth noting here: the interest rate differential between West Germany and many industrialised countries has made Germany a popular place to borrow in. In the first six months of this year DM5.9bn. of foreign issues were placed in Germany compared with DM1.6bn. in the first six *months of 1974 and the previous* record of DM5.2bn. in the first half of 1972. It was with these figures in mind that the central Capital Market Committee to-day decided to put a temporary stop to foreign borrowing in the German capital market.

The second development is an *acceleration in the rate of price* inflation from 6.1 per cent. in May to 6.4 per cent. in June—a deterioration that should logically have an effect on bond yields.

The Bundesbank to-day offered to purchase bills for ten days, charging a rate of 4.5 per cent. on money thus released. This is equivalent to the current discount rate and compares with overnight rates prevailing yesterday of 5.5 per cent., equal to the Lombard rate. The initial reaction in to-day's money market to the Bundesbank's gesture was a lowering of the overnight rate to around 5 per cent.

The *feeling in the market* to-day was that the decisions of both the Bundesbank and the Capital Market Committee underlined the importance that the *authorities attach to preserving* conditions of easy credit at a time when the Government is incurring high Budget deficits and the economy is showing no signs of revitalisation.

Another trade surplus

BY OUR OWN CORRESPONDENT BONN, July 23.

IN THE first half of 1975 West Germany exported goods worth DM108.4bn. and bought imports totalling DM88.7bn. The country thus achieved a surplus on its trade account of DM19.7bn., which, after substracting deficits for services and money transfers left a current account balance of DM7.9bn.

These trade figures mask developments in the volume of West German trade that are the main cause of the current slackness in the German economy. When the inflation factors are taken into account—11 per cent. for exports, just one per cent. for imports—to-day's statistics show that West Germany exported 13 per cent. less in real *terms than it did in the first half* of last year, and imported two per cent. more.

The figures for June alone do not contain any surprising developments. Exports for the month were DM18.550bn., or 10 per cent. more than in June, 1974. The import figure was *DM15,458bn., or eight per cent.* more than the cash figure for June last year. The trade balance was thus DM3.092bn. and the surplus on current account DM700m.

Economic diplomacy stepped up

BY JONATHAN CARR BONN, July 23.

WEST GERMANY is stepping up its efforts to prevent confrontation between the raw materials *producers and the* consuming nations and to help the proposed Paris conference between them to get underway in a co-operative atmosphere. It is doing so in the belief that without progress in this field, efforts in Western Europe to bring an economic upswing without seriously increasing inflation could be stillborn.

The West German Chancellor, Herr Helmut Schmidt, is expected to underline this view during talks this week and early next week with the leaders of Britain, France and the U.S. He feels that only a co-ordinated effort on both fronts—economic stimulation in Europe combined with a co-operative approach to the oil and raw materials producers—will have a chance of real success.

In his talks to-morrow with the British Prime Minister, Mr. Harold Wilson, Herr Schmidt will hardly be looking for any pledge of an internal U.K. economic boost. On the contrary, he will be interested in learning further details of the British Government's plan to reduce drastically the British inflation rate. A serious West German fear is that *the British policy might not be* tough enough — that it might later have to be strengthened by further measures, at worst accompanied by import controls.

On the following two days, Herr Schmidt will be agreeing with French President Valery Giscard d'Estaing the measures that Bonn and Paris can take in parallel to stimulate their economies. The question here is not whether to do so, but how and *by how much. It is felt that* action taken by these two could be followed by complementary measures from the Benelux countries.

On Saturday and Sunday, Herr Schmidt will be able to question U.S. President Gerald Ford on the prospects for an upswing in the U.S. economy. At present, the Chancellor is inclined to be sceptical of the optimistic noises emerging from Washington on this topic and wants more data on when and by how much West Germany and Western Europe *may be able to profit from a U.S.* economic upturn.

Even assuming a positive picture emerges from all these talks, in Bonn's view simultaneous efforts must be made to come to reasonable arrangements with the oil and raw materials producers.

There are two *fears.* One is that a rise of 30 per cent. in the oil price this autumn, as suggested by the OPEC countries, would undermine the economic upswing even before it got under way. The other is that if the upswing finally emerges in most industrialised countries together, a boom in commodity prices and a surge of internal demand could thrust inflation to undreamed-of levels.

With both these fears in mind, Bonn *has followed a strategy* aimed at avoiding a confrontation with the developing world, not only for the UN General Assembly's special session due in September but for the talks a little later on resuming the Paris oil and raw materials conference. The object is to get the full Paris gathering going at the end of November or the start of December.

As part of this strategy, a Minister of State at the Bonn *Foreign Office has been touring* several key developing countries, setting out West Germany's views and trying to avert the danger of polarisation. Bonn says it is ready to work for a scheme under which developing countries dependent on only one or two raw-material exports would benefit from an export yield stabilisation fund, partly financed through release of some of the International Monetary Fund's gold holdings.

It is also ready to support greater rights for oil and raw materials producers in the IMF and other international bodies. In this context, it is easy to see *why the U.S. attitude is giving* Bonn cause for concern.

There is satisfaction that Bonn now appears ready to discuss raw-material matters as well as *energy in Paris—as it had not* been before But last week's belligerent remarks from the U.S. Secretary of State, Dr. Henry Kissinger, in which he criticised the Third World and hinted that Washington might be forced to leave the U.N., cut right across the policy the West Germans are trying to follow. Thus, this aspect of the talks between Herr Schmidt and President Ford assumes a special importance.

Madrid arrests over killing of policeman

BY ROGER MATTHEWS MADRID, July 23.

AT LEAST 12 people have been arrested in Madrid and accused of being involved in the killing of a policeman last week and the critical wounding of another.

One officer died on July 14 when he was hit by machine-gun fire, and five days later another was cut down in similar fashion although he is now reported to be recovering.

The 12 are all said to be members of the extreme Leftwing group called the Revolutionary Anti-Fascist Patriotic Front (FRAP). *This group was* also blamed for the killing of a policeman on May 1, 1973.

According to the police members of FRAP attending a meeting in Paris on February 28 received instructions to carry out a programme of executions. Last week's attacks were the result of *these instructions,* the police said.

Details of other arrests are expected to be announced shortly.

● The Spanish Army provoked a strike to-day by Barcelona journalists by arresting the author of an article that suggested *flats* and rooms used by some of the city's prostitutes were sometimes owned by officers' widows. Three of Barcelona's main newspapers failed to appear this morning as journalists went on strike to protest against the arrest.

Sr. Jose Maria Huertas Claveria is being held in jail for an article in "Tele Express" that was headlined "The underground erotic life."

In what was a very innocuous resume of Barcelona's nightlife Sr. Huertas wrote that after the Civil War it was very difficult for prostitutes to find furnished rooms available for brief lets. The article *said* that *what sometimes* happened was that officers' widows, looking to make a little extra money and also having an important degree of influence, would act as an intermediary.

This one paragraph was enough to incense the Captain-General of the Barcelona region, who is understood to have ordered the journalist's arrest on the charge of having "insulted the armed forces."

Journalists immediately summoned *meetings* with the result that three papers were not printed. The strike is expected to continue to-night unless the military moves quickly to free the jailed man.

Both prostitution and to-day's strike are illegal in Spain.

Confused struggle for Fanfani succession

By Anthony Robinson

ROME, July 23.

HAVING finally deposed Sig. Amintore Fanfani as leader of the *Christian* Democratic Party after last night's vote of "no confidence," the party began to-day what may prove to be an even more difficult task: choosing his successor.

The front-runner has been Sig. Flaminio Piccoli, a leading member of the party's largest faction, the Doroteo. But the consensus reached around his name was largely tactical, dictated by the need to form a compact coalition of forces committed to removing Sig. Fanfani.

The fact that his name was not put forward immediately after Sig. Fanfani's resignation suggests that the fight for succession is still wide open.

His main rival within the Doroteo faction is the highly ambitious Minister for State Shareholdings, Sig. *Antonio* Pisaglia. He has made no secret of his aim to eliminate not only Sig. Fanfani but all the other "historic leaders" of the party in the name of a radical change in both policy and men.

Sig. Fanfani's choice for the post is believed to be Sig. Arnaldo Forlani, the Minister of Defence and a member of Sig. Fanfani's faction and his immediate predecessor as party secretary. Sig. Forlani worked closely with then Prime Minister, Sig. Giulio Andreotti, during his time as party leader.

Sig. Andreotti must also be considered a potential candidate. He displayed both his highly developed political instinct and his courage by playing a key, public role in the revolt against Sig. Fanfani. *Like* the current Prime Minister, Sig. Aldo Moro, he is one of the few Christian Democrat politicians who appears capable of rising above the tactical battle of internal party politics and keeping a clear eye on the strategic issues.

However, an alternative is some form of temporary collegial secretariat until this autumn's full party congress.

The party's National Council is due to resume its meeting to-morrow morning, and to-day saw the sort of intense personal and factional negotiations that characterise the party's political *style. In spite of all the words* about the need for renewal of men and methods, Machiavellian deals in smoke-filled rooms remain the key to the eventual course of party affairs.

France may get $1bn. from Saudis

By Rupert Cornwell

PARIS, July 23.

FRANCE and Saudi Arabia will cap the three-day official visit to Paris of Crown Prince Fahd with the signature to-morrow of a broad co-operation agreement, pledging closer financial, economic and political ties between the two countries.

The document itself will be what the French call an *accord cadre,* a loose framework into which more detailed negotiations can be fitted. These in fact are likely to culminate in October, when a French Ministerial team visits Djeddah.

In the absence of any announcements, several reports are going the rounds here on the contents of the agreement. The most recent, and partially confirmed by French sources, is for a possible Saudi Arabian advance of $1bn. But whether this is a loan or down payment for goods to be delivered later by France is unclear.

After a luncheon with President Giscard d'Estaing yesterday at the Elysee *Palace,* Prince Fahd shed little light on proceedings. He refused to be specific about a rumoured 150m. ton oil supply deal, confirmed Saudi support for French efforts to restart the producer-consumer dialogue, but would not be drawn on the possible outcome of September's OPEC meeting in Vienna.

The two sides have agreed to set up a grand Commission to meet twice yearly and French Premier Jacques Chirac will visit Saudi Arabia next year.

THE CYPRUS NEGOTIATIONS

Talking across the Attila Line

BY DAVID BUCHAN

THE PAST DAYS have been for Cypriots a time of high emotion and anniversaries: on July 15, that of the Greek Cypriot coup against Archbishop Makarios and on July 20, that of the Turkish "invasion" or "liberation."

To the *dismay of the* Greek Cypriots, the Turkish Cypriots daily consolidate their autonomous state in the north, which now has a President, Prime Minister, a legislature set up by referendum last month, and its own courts and police. And there is always the question of the *refugees to keep the temperature* up on both sides. The Turkish Cypriots want their 7,500 compatriots, stranded in the southern, Greek sector, to come north (to consolidate their new state) while the Greek Cypriots want their 11,000 fellow countrymen still in the north to stay put and the 170,000-odd Greek Cypriots displaced by the Turkish army to return there—to prevent the very consolidation of that Turkish Cypriot state.

Turkish Cypriot radio has been broadcasting ominous warnings that Turkish troops might launch "another military operation" to liberate their compatriots *in the south. And on* Sunday, Mr. Rauf Denktash, President of the Turkish Cypriot state, threatened to expel five Greeks for every Turk that was refused permission to go north.

Mr. Denktash has since admitted that he was perhaps carried away by his own rhetoric, and that his threat may not be carried out. Nonetheless, it is part of a sombre back-drop to the talks that resume on July 31 between himself and Mr. Glafkos Clerides, the leader of the Greek Cypriots, for the third time in Vienna. It is hard to see how this latest round of talks can start, let alone get anywhere.

The key issue is the Denktash plan for an interim administration. He mooted this in the second round of the Vienna talks, and it was hoped that some compromise could be thrashed out before any resumption. But Mr. Denktash only produced this on July 18, and the same evening Mr. Clerides flatly rejected it.

The core of the plan is for joint ministries of foreign affairs, finance, communications and health, with equal rights on a 50/50 basis for the Turkish Cypriots at all top levels, while all other matters would be dealt with by the separate administrations—a sort of diarchy.

As Mr. Vedat Celik, the Turkish Cypriot state's foreign affairs minister, explained it in London this week, the Denktash plan aims at preventing the gulf between the two communities from widening further. Restating what has become their classic position, Mr. Celik claims that the Turkish Cypriots cannot be fobbed off with only minority representation, because they are not a minority in the usual sense. There *is no Cypriot nation,* he says, only two distinct ethnic groups—mere extensions of the mainland communities—which are "co-owners" of the island.

This plan for a Cypriot diarchy remains flatly unacceptable to the Greek Cypriots, who see it as abridging their rights as an *82 per cent. majority.* Joint representation, indeed, has not even worked at the lowest level. Although British troops under UN auspices have repaired Nicosia airport and filled in the shell holes, a joint Greek-Turkish committee set up to operate the airport has still not succeeded in opening it.

It is possible that the Greek Cypriots could come to accept some interim diarchy, even if this became the virtual model for a final settlement, provided first they could be assured that the Turkish sector would be pared down and a sizeable number of Greek Cypriot refugees allowed to return home. But the Turkish Cypriots still say publicly that this can only be discussed later. Mr. Denktash did offer in the last round of the Vienna talks to take some 10,000 Greek Cypriots back. But Mr. *Clerides insisted* that the Turks roll back their "Attila line" to accommodate the refugees in a neutralised, UN-patrolled area. At this Mr. Denktash baulked. As Mr. Celik explains it, the Turks regard anything but the return of the smallest number of Greek Cypriots to the north—and only *then* under close Turkish supervision—as a "security risk."

One area of compromise could be the port of Famagusta, formerly predominantly Greek Cypriot and now just inside the Turkish sector. A large number of Greek Cypriots could be resettled here without making any real dent in the land area of the Turkish sector. But Press reports claim that the city is being systematically repeopled with Turks. Mr. Celik rejects *this* but *admits that "a few* hundred families," to whom the citrus orchards around Famagusta have been allocated, have been housed in the city.

As the Greek Cypriots well realise, the Turkish community wants to do away with the present Cyprus Government and, in particular, the President, Archbishop Makarios. Long distrustful of His Beatitude, the Turks fume at his present attempts to "internationalise" the Cyprus question. In fact it is hard to see exactly what this "internationalisation" has achieved. Much the strongest *international lever should have* been the American arms ban on Turkey. But there is not an iota of evidence that the ban has moved the Turks towards conciliation, and it now looks likely that President Ford may soon get an easing of the ban through Congress. The Archbishop's recent tour around Arab countries can hardly do more than neutralise their traditional sympathy *for* their fellow Muslims, though it may win him a *few* extra votes in the UN.

Britain acted as chairman at last year's Geneva conference and helped set up the intercommunal talks—both under UN auspices. But it has taken to the sidelines since, being mainly concerned to use its good offices to persuade Greece and Turkey to lay off Mr. Clerides and Mr. Denktash in the belief that these long-time sparring partners, who *still remain friends,* can eventually sort something out.

But Britain's good offices are not what they were. The Greeks consider Britain's conduct feeble in their defence, while Britain is still in dispute with the Turks and the Turkish Cypriots over damage to British property in the Kyrenia area. The Turkish Cypriots, publicly, and the Turkish Government in Ankara, privately, have come round to admitting that British residents have a case and that something will be done about it, but there is yet no sign of money.

However, there is also the matter of Turkish Cypriot goods left behind in the British bases when their owners were repatriated. The Turkish Cypriots claim that these goods, mainly *lorries and household possessions,* are worth £10m. and they want them back, or compensation instead. The British say that, as many of the goods were bought on hire purchase from Greek Cypriot traders, it is for the two communities to sort out. Mr. Denktash says that although the two matters are not directly linked, settling the matter of the goods in the bases would be "helpful" in considering the compensation for British property.

Relations between Greece and Turkey have been warmer since their Foreign Ministers met at the end of May. Then they even agreed to put their dispute over the Aegean continental shelf, with its oil and gas, to the International Court of Justice at The Hague. But, although Prime Minister Karamanlis looks stronger now than at any time during his year of office, Greece still feels pushed into a corner *on Cyprus. Democracy is not* so firmly in the saddle in Greece that it would automatically survive an attempt to persuade Greek Cypriots to cut their losses on the island.

Turkish Premier Mr. Demirel holds the strong cards on Cyprus, but his dependence on nationalist support in his shaky four-party coalition government prevents him from putting them on the negotiating table. Mr. Bulent Ecevit, the leader of the Opposition and, as Prime Minister last year, the architect of the Turkish operations on Cyprus, has recently been presenting himself as the man best able to settle the issue. He may be. He that taketh away is presumably best placed to give back. Interestingly, Mr. Ecevit has said that he would not *exclude the setting up of Greek* Cypriot "enclaves" in the northern sector. But he may have to wait for the 1977 elections for any chance of putting his ideas into practice.

More will soon be heard of Cyprus in international discussions. Next week there may well be a dust-up at the European Security Conference summit in Helsinki, even if the Turkish and Greek Cypriots settle who should sign the summit document *for Cyprus:* the Turkish Cypriots will object to the Archbishop's signature, though they may accept that of Mr. Clerides. The Greeks may then object to the Turks *signing* a document that purports to forbid the violation of frontiers. And if the Vienna talks bring no results, then Archbishop Makarios may *take* the Cyprus question back to the UN. But, though the omens are not good, it is through the intercommunal *talks in Vienna that any deal* will come.

DR. KURT Waldheim, the UN Secretary-General, said to-day that because of continuing deliberations on the Middle East he asked for a one-week postponement of the *resumption of the Vienna talks* on Cyprus, writes our UN correspondent.

He planned to leave tonight to preside over a meeting to-morrow between Mr. Clerides and Mr. Denktash.

Dr. Waldheim said they agreed that the talks could *begin on July 31, the day after* he attends the European security conference "summit"

70 hurt in Athens street battles

BY OUR OWN CORRESPONDENT ATHENS, July 23.

MORE THAN 70 people, about half of them policemen, were injured in clashes between demonstrating building workers and riot police in the centre of Athens to-day.

The trouble began when about 4,000 building workers staged a mass rally in support of higher wages and better working conditions and attempted to march to the Ministry of Labour in defiance of police orders to disperse.

Riot police, backed by teargas-firing armoured cars and fire engines, made repeated baton charges against the demonstrators, who retaliated with stones and other material from buildings under construction. Several passers-by, including tourists, *were caught up in the clashes.*

The demonstrators, their number swelled by groups of youths, overturned private cars for barricades and unsuccessfully attempted to seize public buildings, including the Central Information Service and the Ministry of Commerce.

The clashes lasted throughout the day, paralysing the centre of the capital. Several department stores had windows smashed, and some looting took place.

The General Confederation of Labour said the incidents were the work of extremist elements who had disobeyed orders from their union not to strike following *the satisfaction* by the Government of most of their demands. The confederation said the incidents appeared to be part of a general plan to *create a climate of anarchy.*

The incidents coincided with the first anniversary of the restoration of democracy in Greece after seven years of military dictatorship.

● *Defence* counsel for the 21 army officers standing trial before a court martial on charges of conspiring to commit sedition to-day claimed the alleged conspiracy was a fabrication to excuse large-scale purges of officers considered sympathetic to the fallen military regime.

The defence charged that Major Nicholas Tsangarakis, the star prosecution witness, had been instructed by his superiors *to fabricate evidence against the* defendants to have them expelled from the armed forces.

The accused were among 39 *serving officers* arrested last February for allegedly conspiring to release imprisoned leaders of the junta, ban the Communist Party, and return Greece to NATO's military wing.

Major Tsangarakis told the court yesterday the aim of the plotters was to carry out a military coup and they had even been promised the support of Royalist officers wanting to bring back deposed King Constantine. This was supported in court to-*day by two more prosecution* witnesses, Lieutenant-Colonel Harydimos Tsangarakis (Major Tsangarakis' brother) and Colonel Efthimios Psaros.

The defence challenged their statements claiming the defendants were not conspiring but were merely exchanging views *on their anxieties as officers* loyal to the spirit of the April 1967 revolution.

If found guilty, the defendants could face the death penalty.

Danish jobless put at 5%

BY HILARY BARNES COPENHAGEN, July 23.

FIVE PER CENT. of the Danish work force was unemployed in June, according to a new figure from the Bureau of Statistics.

Denmark's official unemployment statistics have previously been limited to figures on unem-*ployment among* insured workers, which were expressed as a percentage of all insured workers. This figure has varied between 12 per cent. and 9 per cent. this year, and given the impression that unemployment in Denmark is twice as high as in any other European country.

According to the new figure, a total of 103,110 unemployed workers reported to labour offices, or 5 per cent. of the work force, while unemployment among insured workers was 9.2 per cent., compared with 10.2 per cent. in May and 3.1 per cent. a year ago.

AP-DJ adds: Some 1,100 male brewery workers conceded defeat to-day and went back to work after three days of wildcat strikes in protest against management refusal to give them equal pay with some 590 female colleagues at the tap line.

The men resumed production, bottling and distribution of beer at the United Breweries (Carlsberg and Tuborg) plants.

The conflict, which was begin-*ning to threaten to dry up* the two main sources of beer in Denmark, was the first-ever here with women having the upper hand in an equality-of-the-sexes labour issue.

EEC pact with Cyprus is 'abused'

By Reginald Dale

BRUSSELS, July 23.

MR. RAUF Denktash, the Turkish Cypriot leader, to-day accused the island's Greek community of abusing the Cyprus-EEC association agreement to the detriment of Turkish Cypriot interests.

Mr. Denktash told a Press conference the Greek Cypriots were failing to consult the Turkish community on the working of the pact and trying to ensure that only Greek Cypriot exports benefited from the agreement.

After talks at the EEC Commission Mr. Denktash said President Ortoli and Sir Christopher Soames, vice-president for external relations, had taken note of his case. The Commission issued a statement reaffirming the principle that the association agreement must benefit the entire population of the island.

Mr. Denktash said the Turkish Army would remain on the island until peace had been secured. But he strongly denied that there would be any further Turkish military action unless the other side attacked first.

The British bases on the island were on the way out, he said. "The sooner the bases are out, the better, both for the U.K. from the economic point of view and for Cyprus from its own internal point of view."

FT CONFERENCE ON EUROPE AFTER THE REFERENDUM

Britain's unambiguous opportunity—Hattersley

BY DOMINICK J. COYLE AND GILES MERRIT DUBLIN, July 23.

BRITAIN'S EEC referendum gave the Government clear and unambiguous opportunity—if it wishes to take it—to play a positive role in the Community, Mr. Roy Hattersley, the Minister of State for Foreign and Commonwealth Affairs, said here to-day, while adding his personal belief that it would be unwise for Britain to rush headlong towards achieving "ideological" objectives of integration at the expense of practical measures of immediate economic concern to member countries.

The Minister, who was addressing a conference on Europe after the Referendum, sponsored by the Financial Times in conjunction with the Irish Times and Berlingske Tidende said that what the June 5 referendum had demonstrated, perhaps more than anything, was that there existed in Britain substantial public support for moderate politicians and moderate policies.

The result, too, demonstrated the clear view of the U.K. electorate that the best prospect—but not guarantee—of achieving orderly and progressive economic growth lay in EEC *membership.*

A controversial note on the whole structure and commitment of the Community was sounded by Mr. Justin Keating, the Irish Minister for Industry and Commerce, who described the original Rome Treaty as "a confused and self-contradictory document" which had become "less and less relevant."

Mr. Keating charged that the EEC had as its primary thrust the establishment of an area where there would be free movement of goods, capital and labour, with an undistorted "market economy." Such a concept could not be reconciled with either regional or industrial policy. Regional disparities could not be reconciled with either regional or *industrial policy.* Regional disparities were actually widening in the Community.

Speaking on Community economic policy, Denmark's Minister of Economics, Mr. Per Haekkerup, opened the conference with a warning against the current tendency to consider Community co-operation on economic and monetary policy as "more or less useless." But he added: "It is certainly true that *the* economic development within the Community has been very uneven—to say the least—over the past 18 months, but despite the severe pressure upon the balance of payments situation in several of our countries in 1974 there have only been a few cases in which countries have found it necessary to have recourse to protectionist measures, to the detriment both of international trade and trade within the EEC."

According to Mr. Donal S. A. Carroll, the chairman of the Irish tobacco and pharmaceutical group P. J. Carroll, the realisation of the EEC's full potential for Great Britain and Ireland hinges first on the restoration of order in their own economies.

It was a theme to be echoed later by Sir Ralph Bateman, President of the Confederation of British Industry, when he stated: "The greatest contribution we in Britain can make to European progress is to put our own house in order." Sir Ralph described the British Government's current pay policy as having "a kind of 'Wild West' rough justice about it," but added that if it is succeeded by a more sophisticated and flexible system, it is one part of a "determined start" toward bringing the inflation rate down towards 10 per cent. in a year's time.

On the subject of the Community's future direction, Denmark's former Foreign Affairs Minister, Mr. Ove Guldberg, who is Vice-President of the European Parliament, emphasised the need for increased Parliamentary influence on the running of the Community. In the larger European nation States, he warned, continued European decentralisation could interfere with central Government.

The conference's lunch-time speaker, Mr. Peter Kirk, MP, chairman of the Conservative group in the European Parliament, stressed in his address however, that the 1978 target for direct elections to the European Parliament would probably not be achieved.

Emphasising that the EEC is still "a community in evolution." Dr Michael Davis, director of the Nuclear Energy and Electricity Commission in Brussels, said that although the Nine are differently placed "energetically speaking," he believed that progress toward a common energy policy has certainly been made over the past two years. But France's refusal to participate in the International Energy Agency was "unfortunate," he said, while a very important element in Community policy was to keep the Common Market united in the event of an energy supply crisis.

Shoe plan to keep in step with complaints

By Rhys David

AN INDEPENDENT footwear test centre for dealing with the public's complaints about shoes was suggested yesterday by an official of the Office of Fair Trading at a London conference on the industry.

Mr. John Humble, assistant director, consumer affairs, at the OFT, told representatives of shoe manufacturing and retailing concerns that it was a matter of some disappointment that the facilities of the Shoe and Allied Trades Research Association—SATRA—were available only to manufacturers and a handful of retailers.

Mr. Humble told the conference—arranged jointly by William Timpson, the shoe retailers, and Shoe and Leather News—that about 25 per cent. of telephoned complaints and 12 per cent. of written complaints to the Department of Prices and Consumer Protection were about shoes and that in the past nine months Consumer Advice and Citizens Advice Bureaux throughout the country had dealt wtih 14,514 complaints from unhappy footwear customers. While many of these would be unreasonable, there was a need for the industry to raise its standards.

Mr. Humble, whose office is working with the industry to draw up a code of practice, suggested a better labelling system would help to prevent some problems arising.

The call for an independent test centre was supported by Dr. A. R. Payne, director of SATRA, who said a plan for setting up a unit had existed for two years but needed to be funded by interested parties.

Mr. John Timpson, managing director of William Timpson, told the conference that the high level of imports indicated that British manufacturers were not making the full range of footwear required by consumers.

Mr. Rex Harvey, president of the British Footwear Manufacturers' Federation, called on manufacturers to increase their efforts to sell into Europe. EEC countries had managed to more than double their sales into the U.K. by volume from 12m. pairs in 1969 to 25.7m. pairs last year.

Walmsleys to move production

By Lorne Barling

WALMSLEYS of Bury, the paper-machinery manufacturers which has announced big rationalisation plans, said yesterday that it intended to reduce operating costs and strengthen the company.

Discussions aimed at making better use of equipment and personnel were taking place with trade unions. It was hoped that rationalisation would be completed in the shortest possible time.

It is expected that production will be transferred from Bury to Bolton and Wigan, without reducing the capability of the company.

The company said: The paper machinery market is in a depressed state and we do not expect any improvement until world production of paper returns to near capacity.

Bank statistics show money supply lag

BY MICHAEL BLANDEN

THE MONEY supply continues to rise at a rate rather below the level of inflation while bank lending to the private sector is depressed.

The picture emerges from the latest banking statistics published by the Bank of England. One of the important points in the figures is the substantial revisions to the May money supply statistics which eliminate some of the anomalies which appeared previously.

Because of the continued problems and delays caused by the new reporting systems, the Bank says that the new June figures are also subject to revision.

Over the past three months to mid-June the money stock on the narrower definition (M1) is now shown to have risen by about 3½ per cent. after general adjustment, giving an annual rate of increase of some 13 per cent. to 14 per cent.

On the wider definition (M3), which includes bank deposit accounts, the growth continues to be rather slower. Over the latest three months this figure has risen by only 1¼ per cent.

In the past month, M1 is shown to have risen by £27m. or some 0.2 per cent., after general adjustment. This compares with an increase of 0.7 per cent. in the month to mid-May, after sharp upward revisions to the figure.

When the May total for M1 was published last month, it appeared to show a fall of £129m. or 0.9 per cent., but a reallocation of some elements in the statistics, particularly relating to transit items at the banks, has reversed the direction of movement.

This adjustment has had a similar impact on the May figure for M3 which is now shown as a rise of £550m. or 1.5 per cent., compared with the previous estimate of a 1 per cent. increase. In the latest month, however, M3 fell by £96m. or 0.3 per cent.

Behind this, there was a large fall in public sector deposits with the banks, largely reversing the previous month's unusual rise.

This was more than offset by a rise in private sector deposits, so that overall domestic deposits gained £176m. But a large rise would normally be expected in this month so that after seasonal adjustment there was a drop of some £110m.

There has also been a sharp revision to the May lending figures, with the adjusted rise in bank lending to the private sector in sterling now put at only £61m. against the previous estimate of £228m.

Last month, there was a sharp drop, largely accounted for by the clearing banks, with sterling lending to the private sector down by £311m. or some £222m. after seasonal adjustment.

The Bank says "It is too early to judge whether this fall is an erratic movement or whether it represents any further slackening in demand for bank credit."

THE CHANGES IN MONEY SUPPLY

(Seasonally adjusted totals and percentage monthly changes)

1974	M1 £bn.	% change	M3 £bn.	% change
April 17	12.57	+2.5	33.45	+0.1
May 15	12.48	−0.7	33.58	+0.4
June 19	12.38	−0.8	33.52	−0.2
July 17	12.55	+1.4	34.57	+3.1
Aug. 21	12.69	+1.2	34.93	+1.0
Sept. 18	12.71	+0.2	34.98	+0.2
Oct. 16	12.90	+1.4	35.15	+0.5
Nov. 20	13.00	+0.8	35.58	+1.2
Dec. 11	13.22	+1.7	35.83	+0.7
1975				
Jan. 15	13.71	+3.4	35.97	+0.4
Feb. 19	13.67	−0.3	36.44	+1.0
Mar. 19	13.94	+2.0	36.75	+0.8
April 16	14.25	+2.3	36.83	+0.2
May 21*	15.08	+0.7	37.37	+1.5
June 18	15.11	+0.2	37.28	−0.3

M1 includes notes and coins in circulation plus private sector sterling right deposits.

M3 includes M1 plus other items, the main one being bank deposit accounts. Source: Bank of England.

* On new basis.

Consumer spending cut £109m.

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE FIRST significant reduction in consumer spending since the onset of the U.K. recession was brought out in official figures issued yesterday.

The volume of consumer spending dropped £109m. (or 1¼ per cent.) between the first and second quarters of this year, to £8,950bn., according to preliminary Central Statistical Office estimates.

This is somewhat smaller than the 2 per cent. reduction in retail sales during the second quarter, but bears out the general impression given by the retail figures earlier this week.

The retail statistics account for about half of total consumer spending. Yesterday's figures take account also of expenditure on cars, housing, fuel and light and services.

The CSO said the fall in the second quarter was fairly widespread, but that there were particularly large reductions in spending on alcoholic drink, tobacco, clothing and motor vehicles. On the other hand spending on food and radio and electrical goods increased between the two quarters.

The general fall has taken place in spite of the widely publicised pre-Budget buying spree. The spree started in the first fortnight of April before the Budget, but continued for the rest of the month before VAT was increased on May 1.

The CSO said yesterday, however, that the preliminary estimate should be treated with more care than usual. Not only do the preliminary estimates differ on average by some £35m. from the final figures; on this occasion the seasonal adjustments are due to be updated.

The sequence of quarterly consumer spending figures since the beginning of 1974 (at 1970 prices, seasonally adjusted) is as follows: £8.855bn. (1974 1st quarter); £8.791bn. (2nd); £8.964bn. (3rd); £9.098bn. (4th); £9.059 (1975 1st quarter); and £8.950bn. (2nd).

Clash near over BA shuttle fares

By Michael Donne, Aerospace Correspondent

A BID by British Caledonian Airways to have the fare on British Airways' London-Glasgow walk-on Shuttle service raised by £2 to £21 each way is to be discussed in public by the Civil Aviation Authority on July 31 in London.

BCAL will also be asking at this hearing that the CAA should impose restrictions on the frequency of Shuttle services, seeking not more than five services a day in each direction, or a maximum of 31 a week each way.

The BCAL argument is based on the fact that none of the U.K. domestic trunk air routes is profitable, and that the Shuttle has hit its own Gatwick-Glasgow air services hard.

British Airways intends to oppose bitterly the BCAL move, which it regards as virtually seeking a hidden subsidy to protect the independent airline against the effects of Shuttle competition. It will argue that the Shuttle has proved successful, and is attracting thousands of passengers every week.

Increase

BA's attitude is that BCAL has already been given considerable benefits to enable it to start up in business—BA has neither forgotten nor forgiven the reallocation of some of its overseas routes to BCAL to help establish the image of a "second force" U.K. flag airline—and that if BCAL cannot compete effectively it should get out of the airline business.

There is every sign, therefore, that the hearings on Shuttle will prove to be a bitter clash between the two airlines, in which the CAA will have to decide whether to penalise BA for its initiative in starting Shuttle or to risk BCAL having to withdraw from domestic routes because of unprofitability.

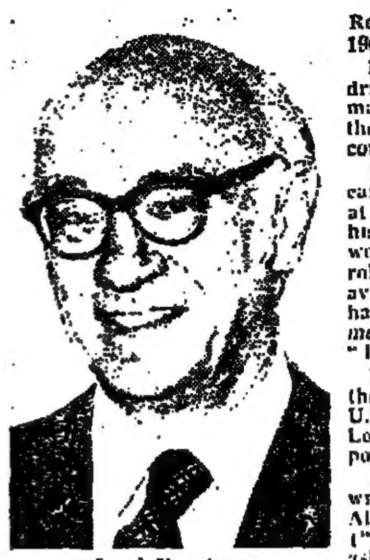
The situation is clouded by two factors—first, the strengthening possibility that all the domestic airlines will have to ask for a new fares increase soon, and, secondly, that the Government, through its civil aviation policy review, is believed to be close to some reorganisation of the airline industry, including rewriting the "policy guidelines" given to the CAA.

Just what the latter will entail nobody knows, but it seems likely that the imminence of such Government decisions will influence the CAA's thinking.

LORD KEARTON OF COURTAULDS

The man who reshaped a declining industry

BY GEOFFREY OWEN



Lord Kearton

LORD KEARTON, who retired yesterday from the Board of Courtaulds, is one of the very few men who have taken hold of a substantial and largely decaying chunk of British industry and transformed it into something that is not merely viable, but an international leader in its field.

First coming into the public eye at the time of the ICI bid for Courtaulds in 1961, he was the natural choice to become chairman after the dust of the take-over battle had settled.

As he recalled yesterday, he had at the start seen merit in the idea of an ICI alliance, but he objected strongly to the way the negotiations were handled and to the terms being offered. His role in fighting off the bid was decisive and he emerged as the dominant personality in Courtaulds.

Criticised

It was he who planned the big commitment to the Lancashire cotton industry and the "verticalisation" of Courtaulds itself. The latter was a policy much criticised at the start, but it has enabled Courtaulds to ride out the present textile slump far better than most of its overseas competitors.

"We were latecomers in nylon and polyester," Lord Kearton commented yesterday, "and we could get no help from the established producers: we had to make our mistakes in-house."

The list of acquisitions has been long (though there were plenty more that were offered but rejected) and Kearton admits that some of them took longer to digest than he had expected—but "we are getting much better at it—look at how we've turned round Lansil in less than two years."

Lord Kearton is quick to praise his colleagues and staff, but he admits that most of the ideas have come from him. Not all of them were accepted (several attractive-looking acquisitions were turned down by the Board) and some were frustrated by external circumstances.

In the early 'sixties the "grand design" for textiles, whereby most of the major companies would have been grouped together under a joint Courtaulds-ICI umbrella, fell apart at the last moment when one of the companies objected to the valuation put on its shares.

But Lord Kearton is not a man to brood on setbacks. Most of his initiatives have come off; his broad strategy for textiles has been successful.

Drive

He has had the courage and the will-power to persevere where others might have faltered. He has remarkable energy ("I've always liked work and I'm ready to put my hand to anything") and a useful capacity for self-mockery.

His vitality and sense of fun are infectious, yet he is capable of saying exactly what he thinks with a bluntness and ferocity that can offend and sometimes wound.

He has never been the City's most popular industrialist ("they have never even understood what he has been trying to do or what he has achieved," one colleague complains) and he upset some when he became the first chairman of the Industrial Reorganisation Corporation in 1966.

But it was largely Kearton's drive that put the IRC on the map and persuaded even parts of the City that it had a valuable contribution to make.

Lord Kearton started his career as a scientist with ICI at Billingham in 1933. He spent his first 18 months as a process worker and later played a key role in setting up the first aviation petrol plants at Billingham and Heysham. "ICI gave me my basic training," he says. "I owe a great deal to them."

During the war he worked on the atomic energy project in the U.S. and was strongly pressed by Lord Hinton to join him in the post-war nuclear programme.

But Kearton wanted a change, wrote to his former boss, Sir Alan Wilson, at Courtaulds ("the only time I have ever asked anyone for a job") and joined the company as head of chemical engineering research. He did not drop his connection with nuclear matters, becoming a part-time member of the Atomic Energy Authority in 1955—he is now the longest-serving member.

Recovery

He has immense pride in Courtaulds ("the largest single textile exporter in the world") and in the people who work for it—"we've got some of the ablest and liveliest managers you'll find anywhere." Yet, characteristically, once he had made up his mind to retire, he did so with a minimum of fuss.

He had thought of retiring last year after ten years in the job ("ten years is enough for anyone"), but the textile slump was just beginning and he did not want to quit until he could see the company emerging successfully from it; the signs of recovery are now clear. Two weeks ago he told his colleagues that he would retire at the annual general meeting.

Yesterday he moved out of the chairman's office, dealt with his last correspondence, and prepared to depart. British industry will be a duller place without him.

Interest rates rise 'could be temporary'

By Michael Blanden

THE RECENT tightening of U.S. monetary policy and the rise in interest rates which has prompted this week's move by the Bank of England to jack up London short-term rates "could be only temporary."

In its latest review of interest rate trends Williams and Glyn's Bank comments that the renewed rise in U.S. prime rates reflected a tightening of the Federal Reserve's monetary policy, in response to a sharp growth in money supply in recent weeks due to the payment of $20bn. of income tax rebates.

However, loan demand was not expected to recover strongly in the U.S. until the autumn, and "in Europe, any immediate tendency towards higher interest rates is likely to be resisted in the light of depressed economic conditions."

The announcement of the Government's anti-inflation policy in the U.K. had "averted the threat of an imminent sterling crisis."

Market lists textiles subject to restraint

THE LIST of textile products which will come under restraint as a result of the agreement reached last week between the EEC Commission and Hong Kong, one of the leading low cost suppliers to the Community, has now been made available in Brussels.

The agreement reached under the terms of the GATT Multi-Fibre Arrangement which now controls international textile trading covers 14 categories.

In each of these a ceiling on the rate of growth of imports over previous levels into the Community will be imposed.

Product	Growth rate %
Woven fabric of cotton and synthetic fibre bleached or unbleached	7
Woven fabric of cotton or synthetic fibre, other than bleached or unbleached	7
Undergarments. Knitted or crocheted, shirts, T-shirts, undervests, singlets	2.5
Outergarments. Knitted or crocheted, jerseys, pulovers, slipovers, twin-sets, cardigans, bed-jackets, jumpers ...	2.5
Bathing costumes and trunks, trousers, skirts, dresses, frocks, combination sets, infants' garments	8.5
Overcoat type raincoats	2.5
Men's and boys' outerwear, suits, jackets, blazers	8.5
Trousers, jeans, breeches	2.5
Women's, girls' and infants' coats and jackets	8.5
fants' coats an djackets	8.5
Women's, girls' and infants' skirts an ddresses	8.5
Women's, girls' and infants' shirts and blouses	2.5
Men's and boys' shirts	2.5
Pyjamas, nightgowns and other night wear ...	8.5
Bed linen, table linen, toilet linen, kitchen linen	7

The growth rates are for the Community as a whole. Under a separate burden-sharing agreement reached with the other EEC countries Britain will have to accept a much lower overall rate of growth where it already accepts more than its fair share of imports.

Easy Party ride for Benn's industry policy

BY JOHN WYLES, LABOUR REPORTER

THE LABOUR PARTY'S controversial draft statement on industrial policy, with its calls for greater Government intervention in industry and the use of private pension funds for industrial investment, could become official policy without any detailed discussion by the Party's national executive.

The position emerged after a meeting of the national executive yesterday when lack of time and the departure of Cabinet Ministers to other meetings allowed a very smooth passage for the 30,000-word document produced by the Party's home policy committee, under the chairmanship of Mr. Anthony Wedgwood Benn.

Moderate Ministers, who have already voiced misgivings about some of the draft proposals, were left unhappy last night at the fact that a slimmed-down version of the document will be put to the Labour Party conference in October after only the most cursory examination by the executive yesterday.

During yesterday's discussion, Mr. Benn shared Mrs. Shirley Williams' regrets at this procedure, but said that executive members were free, either to attend next month's home policy committee meeting which will finalise the statement, or to submit their observations in writing.

Barring a special national executive meeting to discuss the statement, and this has been ruled out because of the holiday period, the only other opportunity for discussion would have been at the executive meeting immediately before the Labour Party conference at the beginning of October.

This was strongly opposed by Mr. Ron Hayward, Labour Party general-secretary, who said that it would not allow delegations sufficient time to discuss and decide their attitude towards the statement.

If the conference adopts the document by a two-thirds majority, it will form part of Labour's programme to be incorporated in the next manifesto which will be drafted some time next year.

Crossman diaries: support for Silkin

TWO FORMER Lord Chancellors and a previous Attorney General backed in principle the view of Sir John Hunt, the Cabinet Secretary, in the High Court yesterday that publication of the Crossman diaries in their present form would harm the traditional secrecy of Cabinet meetings.

The Lord Chancellors, Lord Hailsham, the Conservative, and Labour's Lord Gardner, together with Sir Peter Rawlinson, QC, former Tory Attorney-General, provided supporting affidavits for the present Labour Attorney-General, Mr. Sam Silkin, QC, who is trying to stop publication of the diaries in book form, as well as preventing any further extracts from appearing in the Sunday Times.

Then Sir John Hunt, who appeared personally, told the court in his affidavit: "It would be contrary to the public interest to allow the diaries to be published in their present form, even though extracts have appeared in the Sunday Times.

"For the first volume contains much more extensive and damaging material than has already been published, which would be harmful to good government and the proper functioning of the public service if it became public, and there are two further volumes to come."

When Mr. Silkin alluded during the course of his legal arguments to the duties of Ministers as officers of the Crown, Mr. James Comyn, QC for the Sunday Times, asked Sir John if the Queen had been consulted about the diaries.

Sir John: "She has been consulted only about the release of certain documents needed in evidence, but has not been consulted in any way over their publication."

The Prime Minister had been consulted by him in June last year when his attention was drawn to difficulties that could arise over certain passages. But he had not been consulted this year about them.

Mr. Comyn: "Has he been consulted about bringing this case?" Sir John: "Not by me."

The action, which is being brought by the Attorney-General against the publishers of the diaries and the literary executors of the late Mr. Richard Crossman, is expected to last several days and defence affidavits will be put before the court to-day.

Confidentiality

Sir Peter Rawlinson, QC, told the court in his affidavit: "I am convinced of the necessity in the public interest for the confidentiality of Cabinet discussions to be maintained. But I accept that they need not be protected from disclosure indefinitely, and in my opinion 15 years should be the minimum period during which revelation is banned.

"Even that period might be too short since Ministers involved may well still be in political life.

"If the courts have the power to protect confidentiality, I can think of no more obvious circumstances than those which arise from Cabinet discussions."

Ministers might find it hard to be frank in Cabinet meetings if they felt details would be published. If confidence in the mutual trust of colleagues went, then Cabinet meetings would develop into merely formal occasions without serious debate on any issues, this would lead to the development of government by cabal.

"To break the confidentiality rule would weaken and ultimately destroy Cabinet government and increase the power of key Ministers, particularly the Prime Minister," he added.

Lord Hailsham agreed that confidential matters in the Cabinet should be kept secret and 30 years was not too long a period in his view before publication could be properly achieved.

Lord Gardiner asserted that the soundness of Cabinet government depended on mutual confidence and this would be eroded by the disclosure of confidential matters while those concerned were still active in public life.

Candour

Sir John Hunt, who became Cabinet Secretary in 1973 and has been handling the controversial issue of the Crossman diaries with the Sunday Times, said in his statement: "The convention which permits former Ministers to publish memoirs reflects a long tradition of British public life, but individuals who have been publicly accountable for their acts and policies are entitled to put their own version of events on record.

"But there are necessarily limits which arise from the requirement that Cabinet discussions should be conducted with complete candour so that Ministers can rely on the mutual trust that when a Minister leaves office information which he has received of a confidential nature will not be disclosed without a proper authority."

In reply to Mr. Comyn, he agreed that there was no statute governing the functions of the Cabinet Secretary, whose office came into existence in 1916 when it was established by the then Prime Minister with a staff of four.

Now it had a staff of 501, though it had taken on other duties, such as the Central Statistical Office.

Asked who drew the line over what could be published in Ministers' memoirs, he said: "One has to leave it to the judgement of the author to a large extent."

Mr. Comyn produced Mr. Harold Wilson's memoirs, The Labour Government 1964 to 1970.

Mr. Comyn suggested that a great many Government secrets were disclosed in this book, which included two deliberate and self-avowed breaches of the conventions.

The hearing was adjourned by the Lord Chief Justice, Lord Widgery, until to-day.

Company agrees to Monopolies ruling

By Lorne Barling

TURNER AND NEWALL is to carry out recommendations made in the Monopolies Commission report on the supply of asbestos ond some asbestos products, the Department of Prices and Consumer Protection said yesterday.

Mr. Alan Williams, Minister of State at the department, said in a reply to a Commons question that the company had undertakings which he believed would deal with the complaints mentioned in the report.

Although the Commission found the company was not operating against the public interest, it objected to two particular activities.

As a result, Turner and Newall had undertaken that its agreement with Tunnel Cement to distribute Tunnel's output of asbestos cement based on a quota related to the company's own sales would cease at the end of the year.

It had also undertaken to end covenants preventing individuals and companies carrying on similar businesses for specified periods. These related to Alhion Asbestos and Cape Asbestos.

The company had also undertaken to end agreements with Bestobell and W. J. Nelson of Belfast on supply in the U.K. which prevents them from buying certain goodsd from a supplier other than the company or from selling such goods not made or supplied by the company.

Finally, it agreed that in certain fields it would not acquire any competing manufacturing business.

British Rail urged to invest

BY ARTHUR SMITH

A CALL for British Rail to make "heavy additional investment" in cross-Channel services following the collapse of the Channel Tunnel project came yesterday, just a day before the state industry's annual report is expected to disclose a loss last year of more than £150m.

The Cairncross advisory committee — set up to reassess the Channel tunnel project before it was abandoned — is particularly critical of British Rail.

The report says that had the issue been one relating to the tunnel alone, and had the Government been able to contemplate the allocation of large additional sums of its own credit, "a good, but not overwhelming, case for going ahead could have been made out."

However, the tunnel's rail link, which would have run from London to the Channel coast at Cheriton, called the project into question. While the tunnel itself had been planned in great detail, it was not until last autumn that a reliable estimate of the proposed high-speed rail link was provided and there were no estimates for lower cost options which were still in the early stages of consideration.

Should the project be revived it would be necessary to review the rail component in conjunction with the Continental railways connecting to the tunnel.

"The report observed that although BR attaches great importance to the linking of the British railway system with that of neighbours on the Continent, it felt no need to weigh up the capital expenditure involved against other railway investment, but was allowed to treat it as a thing apart to be decided upon and financed quite separately"

If cross-Channel traffic continued to expand on the scale foreseen and BR was to offer an effective alternative to the Continent in the longer run to air travel, there could be no escape from heavy additional investment and it would be wise to start making provision for some of it as soon as possible.

BR said last night that immediately the tunnel had been abandoned, work had started on detailed alternative plans. A £60m. investment in shipping services over the next 10 years had been announced and the Board next month would consider proposals to raise the capacity of its Hovercraft facilities.

However, with BR losses mounting and the Government urging a cut in subsidies, all investment projects are likely to be rigorously re-examined.

The Channel Tunnel and alternative Cross-Channel Services by Channel Tunnel Advisory Group, SO, £1.65.

IN BRIEF

Less aluminium

Production of primary aluminium around the world fell again in June, according to the latest figures put out by the International Primary Aluminium Institute in London.

Total production came to only 776,000 tonnes, a daily average rate of 25,900 tonnes compared with 905,000 tonnes, a daily average rate of 30,200 tonnes, in June last year. In May production totalled 822,000 tonnes.

Spending spree

Middle Eastern visitors to Britain this year have spent between £75m. and £80m., Sir Alexander Glen, chairman of the British Tourist Authority said yesterday in Glasgow. The money was spent by about 250,000 visitors, many of them young people sent to the country to learn English.

Press freedom

A call for the Conservative Party to toughen up its fight on the Press freedom controversy was made to-day by the Bow Group, which calls for support for Lord Goodman's proposed code of conduct backed by the force of law.

Leyland deadline

The Government offer for British Leyland is due to expire at 3 p.m. to-day. There appears a distinct possibility that about 30 per cent. of the shares will remain in private hands.

Giveaway houses

The Tory Selsdon Group to-day launched an investigation into a plan to give away council houses to sitting tenants. The group, which will report to the "shadow" Cabinet, sees the idea as abolishing the heavy subsidy bill being paid by ratepayers and taxpayers.

Docks cargo up

Dockers at Goole, North Humberside, have handled 1m. tonnes of cargo so far this year, 126,600 tonnes more than in the same period last year says a docks board report.

Cargo profits

IAS Cargo Airlines, the independent U.K. all-cargo operator based at Gatwick, earned a profit before tax of £260,000 in the year to end-March last. Turnover was £9.5m., with over 23,000 tons of cargo flown.

PARLIAMENT

Crosland rejects Chunnel plea

AN ATTEMPT to persuade the Government to reassess its decision not to go ahead with the Channel Tunnel was rejected by Environment Secretary Mr. Anthony Crosland in the Commons yesterday.

Mr. John Rathbone (C., Lewes) said: "There are those who hope the Cairncross report will lead the Government to reassess the viability of the Channel Tunnel and to re-start work on it as soon as possible, particularly bearing in mind that it does not cost the taxpayer in this country one penny."

The report of the committee under Sir Alec Cairncross which examined the tunnel project was recently given to Mr. Crosland.

Mr. Crosland said the report had not been intended to be a complete reassessment of the project and it would not cause the Government to reassess its decision.

Dr. Edmund Marshall (Lab Goole) asked whether the report made any comparative evaluations of the road or rail schemes for the tunnel. "If so, what conclusions does it reach and do you agree with them?"

Mr. Crosland replied that he had only so far had the opportunity to read the report quickly. "But it reaches a conclusion which will not be palatable either to myself or a lot of Labour MPs, which is the more rail orientated the tunnel is, the less profitable it is from an economic point of view."

Minister sees squatting as urgent problem

THE GOVERNMENT recognised the urgency of the squatting problem and the strength of public concern, but it would prefer not to consider amendments to the criminal law until it received the Law Commission's report on conspiracy, Lord Harris, Minister of State, Home Office, told peers yesterday.

Baroness Gaitskell (Lab.) said: "Although certain squatters are almost criminal, the nation should be worried about the homeless and the two facts go together in many cases."

Lord Raglan (Lab.) said that hundreds, and perhaps thousands, or perfectly sound empty houses around London simply invited occupation. Many otherwise law abiding citizens occupied them because they did not understand why they should be left empty.

Lord Harris said that this fact was in the Government's mind.

Inquest jury duty change proposed

THE GOVERNMENT is to abolish the duty of a Coroner's jury to name the guilty person if they bring in a verdict of murder or manslaughter, Government spokesman, **Lord Wells-Pestell** said in the Lords yesterday.

This change—and an end to the Coroner's consequential duty to commit the named person for trial—would be made at the earliest legislative opportunity, he added.

Lord Wells-Pestell said it was difficult to say when legislation might be possible although an opportunity for change could arise in a general Bill.

He told **Lord Hale** (Lab), a solicitor, who asked what purpose Coroners' courts now served, that there was an argument for the courts "but not perhaps when they are concerned with a criminal decision."

Healey hints at steeper penalties on employers

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

EMPLOYERS WHO break the Government's proposed pay increase peg of £6 a week could be penalised by more than the total cost of the increase.

This possibility was broached for the first time by the Chancellor, **Mr. Denis Healey**, when he claimed in the Commons last night that the Government's pay policy strategy was the only one that would give the nation "any *chance of getting inflation down* in time."

Facing renewed demands from the Tory "shadow" Chancellor, **Sir Geoffrey Howe**, that the Government should unveil its reserve powers legislation, Mr. Healey went so far as to promise that if such legislation became necessary *it would not be retrospective*.

In other words—"there would be no question of imposing penalties on employers for making over-large settlements before the reserve powers Bill was enacted."

That being so, employees would not have to surrender the higher pay they had received until that time, Mr. Healey indicated.

Obstacles

But in urging the House to give a second reading to the Remuneration, Charges and Grants Bill, he contended that it would remove legal obstacles to the effective operation of the voluntary policy.

Mr. Healey stressed that the Bill did not impose legal controls on pay but ensured that the Government, workpeople and their employers' would have the best possible chance of making sure that the voluntary policy worked.

The Government had to have effective means of discouraging employers and their workpeople in the public and private sectors from breaking the £6 pay limit.

Nothing could be further from the truth than the accusation that the Government was "legislating by White Paper."

Mr. Peter Rost (C Derbyshire SE) intervened to ask Mr. Healey to explain how many infringements of the pay limit would be required and tolerated before the second "*mystery sanctions Bill*" was introduced.

Mr. *Healey retorted angrily*: "That is nothing to do with the House at the moment." Urging MPs not to intervene during the rest of his speech, he said that when he spoke on Monday he had been interrupted 28 times.

Explaining that the Bill would provide for a special element of *housing* subsidy in 1976-77, Mr. Healey said that this special subsidy would be for one year only. It would act as a strong inducement to local authorities to keep rent increases down.

SIR GEOFFREY HOWE
Demand to see reserve powers.

If next year a significant number of authorities were making unreasonably large rent increases, the rent limiting powers in the Housing Rents and Subsidies Act were available. "We would not hesitate to use them if we felt it was essential to do so."

Sensible

Mr. Healey said that the Opposition had specifically declined to oppose the White Paper, yet they had put down an amendment which, if carried, would make a voluntary policy on incomes impossible. "I cannot help feeling a little confused about all this manoeuvring."

The Opposition amendment complained that the Bill *provided for existing contractual* rights to be overriden. "It would make complete nonsense of a policy for limiting incomes if employers were compelled by contractual arrangements to pay more. Both the TUC and the CBI accepted this, so there is no substance in the Opposition's anxiety."

Mr. Healey said the Opposition's second complaint was that pay limits were to be interpreted by the Secretary of State and not by the court.

"The policy is the responsibility of the Government. It is right and sensible that a Minister, rather than a judge, should take the responsibility of explaining it. There is no reason for that anxiety either.

"Their third anxiety is about additional sanctions. This is a Bill whose whole purpose is to avoid the need for compulsory wage control. If it proves inadequate it will be for the House to discuss this matter when the occasion arises."

"I do not believe any of the anxieties expressed by the Opposition are justified, still less that they constitute a reason for opposing a Bill which is essential if the Government's attack on inflation is to end in victory."

Mr. Healey referred to Mr. Heath's "historic" speech the previous day when the former Tory leader had described the strategy as the only one giving Britain a chance of getting inflation down in time.

Mr. Healey added: "The alternatives put forward from both sides of the House . . . could not produce the necessary effect over the next 12 months. There is no practical alternative to the policy the Government has put forward."

Maximum

Sir Geoffrey Howe, "shadow" Chancellor, attacked the Government for the way it had chosen to carry out the White Paper proposals. It was difficult to describe something involving the imposition of limits as being voluntary. More details should be provided about the £6 a week limit.

"Does the policy apply so as to secure no more than £6 a week maximum to individuals on an individual basis, or does it apply, as the White Paper seems *to suggest, to settlements on a* payroll basis?

"Are employers to be free to give two pounds to some and eight pounds to another or not?"

Of "phantom" sanctions legislation, Sir Geoffrey continued: "The heart of the matter is apparent when we come to the *undisclosed Bill referred to quite* explicitly in the White Paper.

"The legislation has been prepared. How then can the Government justify not disclosing it to us? How then can they argue that it is still in draft?"

The House could be recalled at 48 hours' notice during the recess to enact secret powers legislation. "At the very least we are entitled to see it. What does it contain? Is it or is it not retrospective?"

Sir Geoffrey asked why the Government was unwilling to say what was in the other Bill. "A Government that is more concerned with the unity of its own party than anything else cannot be—as it should be doing—putting the interests of the nation first."

Mr. Healey muttered "Humbug" but Sir Geoffrey continued: "That is why we shall be asking the House to vote for our amendment to-night."

Employment Secretary Mr. Michael Foot intervened to say that if the Bill were defeated, it would not be possible to apply effectively the voluntary policy of the £6 limit.

Damage

Sir Geoffrey replied: "If it will not work without this Bill, then how it ceases to be a statutory policy I do not know. We ask the House to vote for this amendment to-night on that basis."

The Opposition welcomed the Government's decision to attack inflation. It was not disposed to deny the Government the means of achieving that but "we decline to approve these means."

The means did unnecessary damage to the rule of law. The failure of the Government to produce the secret powers Bill was "an affront to Parliament and the nation."

Sir Geoffrey said that if the amendment was carried, Conservatives would look to the Government to introduce the fresh Bill which the Secretary of State had said was necessary to give statutory force to the *voluntary policy*.

If the amendment were not carried, Conservatives would not challenge the formal second reading, but throughout the long committee stage, which would follow, would press the Government to improve the Bill.

"We shall look to the Government to publish the secret powers Bill before we come to the third reading of the Bill which is now before the House."

If the House had not been satisfied on these points by then, the Opposition would consider *very seriously* whether the Bill should be given its third reading.

Liberal Economic Affairs spokesman, **Mr. John Pardoe**, said that Liberals had supported the Goverment because they believed the Government had at last taken steps down the right road.

But the Remuneration Bill fell woefully short of what was required. It was not good enough and would not do anything to stop the fall in the pound. Before many weeks are past, we shall all be back here again to pass some very different measure.

"The only way out of the vicious circle of inflation is through a tough *incomes policy*, because nothing else will work quickly enough."

Many MPs doubt wisdom of 2am verdict on Civil Service pay link

BY JOHN BOURNE, LOBBY EDITOR

THE MORNING after the night *before's 2 a.m. plethora of divi*sions on MP's pay revealed a large number of bleary-eyed MPs unhappy about the 128-127 vote on the amendment that "it is desirable in principle" to link their salaries to "a point on the scale" paid to an Assistant Secretary, not later than three months after the next General Election.

Until then, the amendment added, salaries should be raised by not less than the same as any increases awarded to this grade of Civil Servant.

Their objections were varied and ranged across all parties, although it was mainly Tories who objected to the idea of MPs' pay being related to a civil servant's.

The first general objection was the narrowness of the vote. This was caused by a Conservative MP, Dr. Alan Glyn, first voting for the amendment, then having second thoughts, but arriving too late to vote in the other division lobby and thus cancel out his original vote.

If successful, his stratagem would have resulted in a tied vote, with the Speaker having to decide whether to cast his own vote for the amendment or for the Goverment's general motion on the principle of an unspecified grade in the public service.

Then, there was the predictable reaction of the Left and others that it was wrong for MPs to give themselves, even at a future date, rises so out of step with those received by the workers they represented.

Admittedly, the attempt to reduce the Government's immediate proposal for a £5,750 a year salary to the anti-inflation norm for the rest of the public of £6 a week maximum on MPs' existing salaries of £4,500 was overwhelmingly rejected by the Commons.

But this did not stop a Labour MP, **Mr. Bruce Douglas-Mann**, objecting in the Commons to-day. He complained bitterly about the said, "it would take our salaries early morning vote because, he to anything between £8,650 and £11,000—vastly in excess of the Boyle report's recommendation of £8,000.

"The vote was also at 2 a.m. in a debate of such wide-ranging discussion that even the mover of the resolution scarcely referred to the subject matter. It was also taken in the absence of nearly 60 per cent. of MPs."

Down-to-earth trade union MPs and some Tory lawyers regarded the vote anyway as virtually meaningless in terms of cash in the pocket. As one *commented: "If I had reported* back to workers a settlement along the lines of last night's vote, I would have been laughed out of court."

Their main point was that, first, the only commitment in the vote was that linkage to Civil Service pay and the other elements were "desirable in principle," and that the Government was left free to come up with fresh proposals.

But they also argued that no one agreed in the debate what stage of an Assistant Secretary's range of salary should be applicable to MPs. His scale of £8,650-£11,000 *is over four years. How*ever, it was suggested in the debate that £8,650 should be the target for MPs.

Finally, they said that, in any case, complete linkage would not begin until after the next General Election, and because no Parliament could bind its successor, the next one could throw out the linkage principle if it wished.

But perhaps the chief complaint was about the Government's *mismanagement* in staging such a long and emotive debate on three motions and various admendments so late at night.

Few MPs thought that wrangling into the small hoturs about their pay was an inspiring example to the rest of the nation in these inflationary times. And even those who passionately regard themselves as a case for special pay treatment believe that sensible decisions are not reached at a time when dawn was only a few hours away.

MPs' salary rates since the war, with the Assistant Secretary rates in brackets, are:

May 1954, £1,000, plus a £2 a day sessional allowance £1,750-£2,200);

July 1957, £1,750 (£2,100-£2,700);

October 1964, £3,250 (£3,300-£4,300, plus £85 London weighting);

January 1972, £4,500 (£5,350-£7,276, plus £175 London weighting).

MPs react angrily to £20m. clothing industry aid

THE GOVERNMENT is making a £20m. cash injection under the Industry Act to raise productivity in the clothing industry, through help in modernisation and re-equipment, Industry Secretary **Mr. Eric Varley** told the Commons yesterday.

"This is a medium to long-term measure which will help the whole textile industry which depends on the clothing industry for a significant proportion of its domestic sales," he added.

His Department was also ready *to explore with other sectors the* scope and need for schemes under the Industry Act which were suited to their particular circumstances, provided the money could be found.

In addition to the £20m. help Mr. Varley described a number of measures to help the British *textile and footwear industries.*

Mr. Michael Heseltine, "shadow" Industry Secretary, asked whether the £20m. was included in the £100m. already announced by the Government.

Mr. Varley said that the money for the scheme would come from the allocation of £100m. announced by the Chancellor. But "should it become necessary to increase it, it will be increased by up to £5m."

Mr. Max Madden (Lab., Sowerby) said amid shouts of approval from Labour MPs: "The textile industry is fed up with Government promises and expressions of sympathy." The crisis was caused by the influx of cheap foreign goods.

"Will you undertake a serious examination of the problems of the industry which are causing high unemployment, short-time working, redundancies and closures?" he demanded.

Mr. Madden said that the House wanted no more "limp statements" which were adding to growing cynicism and bitterness in the industry.

Mr. Varley replied that he hoped Mr. Madden would have welcomed the scheme instead of making carping criticism. "We are doing all we can to help."

Mr. Jim Marshall (Lab. Leicester S.) said that MPs were not indulging in carping criticism. The statement did nothing to relieve the despair and despondency which had followed the Prime Minister's May announcement.

"Unless something is done to stimulate home demand for British-produced textiles, there will be no British textile industry to take advantage of the boom you and your Cabinet colleagues continue to tell us will come in 1976."

Mr. Varley said the £20m. would directly assist the home industry although it would take time. He wondered if Mr. Marshall was confident there would be no retaliation against British textile exports.

Leader of the House, **Mr. Edward Short**, promised to consider finding time for a debate on the problems of the footwear and textiles industries. He would announce his decision to-day.

Fatal fire inquiry may be ordered—Minister

A FATAL accident inquiry may be ordered into the Arbroath guest house fire in which six people died, the Commons was told yesterday.

Scottish Under Secretary **Mr. Harry Ewing** said that the Lord Advocate, **Mr. Ronald King Murray**, is to consider whether to order the inquiry when he receives a report on the fire.

He told **Mr. William Hamilton** (Lab. Fife Cent.) that no application for a fire certificate under the 1972 Order had been made, and none was required since sleeping accommodation was not being provided for more than six guests.

Mr. Hamilton asked how many *guest houses there were in Scot*land which were not covered by the 1972 fire regulations. "Will you take every opportunity to bring influence on the Lord Advocate to have an inquiry, and to urge on local authorities to do everything in their power to prevent a repetition of this kind of accident?"

Mr. Ewing told him that smaller premises were excluded from the 1972 Order.

LABOUR NEWS

Teachers 22.3% award to be backdated to April

BY CHRISTIAN TYLER, LABOUR STAFF

NEARLY half a million schoolteachers in England and Wales have been awarded an average 22.3 per cent. pay rise backdated to April.

The award, which is worth 14.8 per cent. in terms of "new money," escapes the new £6 a week pay limit because it is the result of arbitration set up before publication of the anti-inflation White Paper.

It was announced by Mr. Fred Mulley, Education Secretary, in a Commons written reply yesterday.

Welcomed

The 22.3 per cent. includes the value of £229 a year threshold payments. It means that head teachers will receive up to £10,000 a year, according to the size of their school.

Starting salary is raised from £1,677 to £2,253 and a senior teacher's maximum goes from £4,977 to £5,940.

Teachers union leaders welcomed the news yesterday, *claiming it vindicated their* decision to go to arbitration. They had claimed 26 per cent., at a cost of £240m. in a year, and the employers had responded with only 15.5 per cent.

In its report, the arbitration panel said it had considered not only the existing social *contract* wage guidelines—which, it said, the management had interpreted closely—but also pay levels outside the profession and the size of recent wage settlements.

The arbitration resulted from arguments about how far back the calculation of cost of living compensation should go.

Last year the teachers received a "special case" award averaging 27 per cent. on top of their 8 per cent. award during Stage Three of the Conservatives' incomes policy. They wereanxious to maintain this "catch-up" in this year's settlement.

Teachers' annual pay date is April 1, and the "special case" award, from the Houghton Committee, was backdated to May 24 last year.

Yesterday's announcement concerns primary and secondary school teachers. University teachers are awaiting an arbitration award from October.

R-R men settle for fringe benefits

By Our Labour Correspondent

SHOP STEWARDS representing 12,000 workers at the Rolls-Royce (1971) engine division in Derby yesterday accepted a package of improved fringe benefits but came away with no basic rate increases from their annual negotiations.

This is because they followed Scottish Rolls-Royce workers in winning interim pay increases of up to £8 a week in January. Since then the company has refused to concede any further increases unless linked to productivity.

Earlier this month the Derby workers imposed sanctions including an overtime ban in support of their "substantial" pay demand but these were lifted after only two days.

Now they have accepted the company's original offer which will mean an additional two *days' holiday for most workers* from next January and give more workers the opportunity of transferring to staff conditions.

It seems clear, however, that the shops stewards will be back in January—12 months after their interim agreement—to demand the £8 a week increases allowable under the Government's pay policy.

● A mass meeting of 12,000 steelworkers at Shotton, North Wales, will be held to decide future actions if a decision is announced to close the steel-making section

Yorkshire and Kent lead NUM revolt

BY JOHN WYLES, LABOUR REPORTER

LEADERS of 68,000 miners in the Left-wing dominated Yorkshire and Kent coalfields yesterday rebelled against their union's national executive and urged miners in their areas to vote against the Government's anti-inflation policy in next month's pithead ballot.

The Yorkshire decision sets Britain's largest coalfield against the National Union of Mineworkers executive's recommendation to support the Government's policy. The move, foreshadowed in the Financial Times on Tuesday, sets the pace for two other big Left-wing areas—Scotland and South Wales—to follow suit *when their area councils meet* in just over a fortnight.

The campaign which gathered momentum in Yorkshire and Kent yesterday, apart from highlighting yet again the deep political split in the NUM, will leave many miners in a dilemma, with their loyalties divided between their local leaders and the national executive.

Mr. Arthur Scargill, the militant Yorkshire area president, scrupulously observed his constitutional obligations during his area council yesterday. Bound by the majority decision of the NUM executive, he reported on its recommendation and then left the debate to the 77 delegates.

But the recommendation was rejected by at least a 2-to-1 majority and delegates went on to cast a similar vote in support of a call for a "no vote" in the pithead ballot which starts next week and will be completed in all areas by August 22.

Posters

The area council decision will be broadcast through leaflets and posters to be distributed at all Yorkshire pits. But it remains *to be seen how much campaign*ing is undertaken by Mr. Scargill himself.

He may be influenced by his judgment of whether he can carry a majority of Yorkshire miners against the national executive. He appeared yesterday to hold out little hope of a *victory for the Left* in the national vote, saying after the meeting that "if somebody knows they are right it does not matter if they are beaten 100 to 1."

Atom pay talks adjourned

By Christian Tyler

PAY TALKS for atomic workers at British Nuclear Fuels adjourned yesterday because of a disagreement between employers and unions over the meaning of a passage in the anti-inflation White Paper.

BNF and the Atomic Energy Authority (which met unions on Tuesday) believe that all threshold money paid this year—£4 in the atomic workers' case—must be offset against the £6 limit. But the TUC and the Department of Employment have confirmed that only threshold money paid after August 1—the start of the new guidelines—should be *offset*.

Meanwhile, the negotiator for the Amalgamated Union of Engineering Workers yesterday disassociated the AUEW from the claim by a spokesman for the union side that the unions were *ready, although reluctantly*, to accept the £6 limit.

Mr. Gavin Laird, the AUEW's Scottish regional official, said: "Our union's policy is well known. We are trying to maximise the money for our members through the industry's joint council. If the members decide it is not enough, the union will support them."

The AUEW annual conference this summer rejected any kind of social contract with the Government.

YEAR BOOK ON LABOUR STATISTICS

The fifth of the series of year books setting out British labour statistics compiled by the Department of Employment has been published relating to 1973. Subjects covered include wage rates; *hours of work, retail prices, em*ployment and unemployment, vacancies, family expenditure, membership of trade unions, industrial disputes, industrial accidents, cost per unit of output, output per person employed, labour turnover and percentage of employess covered by types of collective agreements.

British Labour Statistics: Year Book 1973. S.O. £12.

TUC calls for wealth tax with a £30,000 threshold

BY LORELIES OLSLAGER, LABOUR STAFF

THE TRADES Union Congress yesterday called for a wealth tax to be levied on all families owning assets worth more than £30,000, including their homes. But in evidence to a House of Commons Select Committee, the TUC made it clear that this low threshold should not come into operation immediately upon introduction of a wealth tax in Britain; to which the Government is committed under its election manifestoes.

In a Green Paper last year, the Government mentioned a threshold of £100,000 for the tax.

Speaking for the TUC, Mr. Cyril Plant, the general secretary of the Inland Revenue Staff Federation, indicated that the unions would be content with a tax starting at this level as long as the investment incomes surcharge is levied separately.

But the TUC would like to see the surcharge subsumed into the wealth tax. Once this has been *accomplished, the much lower* threshold should be introduced for the latter, Mr. Plant said.

He agreed with a number of Conservative MPs that a threshold of £30,000 might be too low to be acceptable at current levels of inflation. But he stressed that the Government's aim was to reduce the level to single figures, he mentioned 7½ per cent., by the end of next year.

The TUC leaders remained rather vague on the rate at which the wealth tax should be levied. But Mr. David Lea, the head of the TUC's economic department, said they preferred the more *progressive of two* hypothetical scales given in the Green Paper. This called for tax starting at 1 per cent. and rising up to 5 per cent. of a person's assets.

In its written evidence to the committee, the TUC said that it did not expect a wealth tax to reduce the level of savings in Britain. On the contrary, such a tax would be accepted "by the whole community as a major contribution towards a fairer economic system."

But it did admit that during the initial period at least strict exchange controls might be necessary to prevent British subjects transferring their assets abroad in order to escape the tax. As a nalternative to exchange control, the TUC asked the Government to consider the possibility of taxing the transfer of capital abroad if there was no change of ownership.

Discussing the Government's proposal to base the wealth tax o nself-assessment by the owner in order to make it manageable for the Inland Revenue, the TUC said it might be desirable to give the State powers to purchase the assets at the owner's valuation. "This would ensure that tax-payers valued their assets at the full market value."

The TUC accepted that in certain cases owners would not be able to pay the wealth tax on an annual basis, and the possibilities must exist for deferring it until assets such as farms or small businesses changed hands. In such cases, it proposed that the Government should be able to take a share in the business in lieu of tax. This way, Mr. Plant said, closures and redundancies of small businesses could be avoided.

Jones and Murray in EEC team

BY JOHN ELLIOTT, LABOUR EDITOR

A TOP LEVEL team of eight union leaders including Mr. Len Murray, TUC general secretary, and Mr. Jack Jones of the Transport Workers, will form the TUC's first delegation to the Common Market's main consultative organisation, the economic *and social committee*.

This was decided yesterday by the TUC general council and follows the TUC decision to drop its boycott of EEC institutions in the wake of the recent referendum.

The TUC team will attend its first meeting of the economic and social committee, which performs an advisory role to the EEC Commission and Council of Ministers, in September. They intend to spend their first year analysing the usefulness of the committee which has been criticised for its lack of effectiveness.

"*If it turns out to be just a* talking shop then we will modify our views accordingly," Mr. Murray said yesterday.

The TUC leaders are concerned about the work-load involved in the committee—one estimate they have heard is that each member has to devote some 50 days a year to meetings in Brusels—and are likely to field a less high-powered team if they do not consider the results sufficiently rewarding.

Other EEC unions however are also sceptical about the effectiveness of the committee which is made up of unions, employers and other interests, and may urge the TUC, through the European Trades Union Confederation, to spearhead a reform movement.

The names of the TUC leaders involved will now be passed as official nominations to the Government. In all 16 names have been put forward in two batches—a primary group to fill the eight seats available to U.K. workers' representatives plus a further eight reserves.

The first eight are: Mr. Murray; Mr. Jack Jones, who is chairman of the TUC international committee; Lord Allen, of the Shopworkers; Mr. David Basnett, of the General and Municipal Workers; Mr. Terry Parry, of the Fire Brigades; Mrs. Marie Patterson, of the Transport Workers; Mr. Reg Bottini, of the Agricultural Workers; and Lord Briginshaw, retired general secretary of the printing union.

The other eight are: Sir David Davies, retired general secretary of the Iron and Steel Trades; Mr. Alan Fisher, of the Public Employees; Lord Greene, retired general secretary of the Railwaymen; Mr. Tom Jackson, of the Post Office Workers; Mr. Danny McGarvey, of the Boilermakers; Mr. Cyril Plant, of the Inland Revenue Staffs; Mr. Hugh Scanlon, of the Engineers; and Mr. Joe King, who will shortly be leaving the Textile Workers and will probably be replaced by another nominee.

TUC appointments to other EEC committees are to be made later.

هكذا من الأجل

Anyone who thinks packaging is a luxury should read the story of Mr. Abubakar's tomato crop. And, indeed, the story of Metal Box's overseas growth.

Mr. Abubakar farms 9 acres in Nigeria.

His main crop was maize—until an international customer of Metal Box suggested that tomatoes might be more profitable.

The whole scheme depended, though, on finding efficient and economical ways of packing and distributing the crop, so that half of it wouldn't be wasted.

That's where we came in.

We advised on processing, canning and labelling, and were able to supply cans in the right place, at the right price.

Today, Mr. Abubakar can sell all the tomatoes he can grow. Dozens of farmers in the district sell their tomatoes for processing and packing in cans made by Metal Box's Nigerian company. And Nigeria has a whole new industry improving the preservation and distribution of food.

It's just one example of how packaging can help the world make a more efficient use of its available resources; and partly explains why, in developing countries, the packaging market tends to grow faster than the economy as a whole.

And it's also an example of the way Metal Box is actively developing its overseas markets. (The Company's overseas sales have more than doubled in the past five years, and are now roughly a third of our £455 million turnover.)

We work in Africa, India, Asia and the West Indies—as well as being Europe's largest packaging manufacturer.

And *everywhere we go, we grow.*

MB

Metal Box Limited

We're growing because we're needed.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Gas turbine economics and efficiency improved

WITH AN eye on the fact that industrial sales of gas turbine engines have taken a distinct up-turn in the last three years, particularly in pipeline applications, Ultra Electronics *has* launched a new development of its electronic engine control which offers considerable cost and size advantages over the units it has been making up to now—mainly for aircraft applications.

Rather than offering individual analogue controls for specific engine types, the company's control and *instrumentation* division has developed a programmable unit based on a combination of analogue and digital techniques.

Sensor signals (temperature, flow, geometry, etc.) from various parts of the engine are standardised via signal conditioning circuits connected to an input multiplexer, the setting of which is controlled by a stored digital programme. On versions on the equipment intended for engine development programmes the programme can be set on a patch panel, refined and modified as research progresses and in the final version replaced by semiconductor read-only memories.

The stored prdgram also controls an analogue computing unit and the output routing of the result through another multiplexer, to power amplifiers which in turn drive fuel, nozzle or other actuators, indicators solenoids.

Each sensor and actuator is interrogated and updated at intervals much shorter than the engine time constant and for a complex controller the complete program cycle takes 10 minutes. Up to 256 separate instructions can be programmed.

The company has already sold the system to Chrysler, General Motors and Ford who are developing gas turbine engines for truck and car applications and are having to cope with the problems of fuel efficiency, exhaust products, response speed, weight, safety and many others.

Ultra expects the unit to have universal application—to the automotive, *industrial*, aviation and marine markets where optimisation of performance under part load conditions and in extremes of climate and terrain are becoming increasingly important from the dual viewpoint of fuel consumption and air pollution. More from the company at 136, Mansfield Road, Acton, London, W.3 0RT (01 992 3434).

● HANDLING

Mobile pump to transfer

SIR W. H. BAILEY Valve Services, a subsidiary of Imperial Metal Industries, has introduced a mobile pumping unit for transfering petroleum products, water or certain chemicals.

Designed to raise 5,000 gal/hr from a depth of 18 feet, the pump can be used for taking liquids from underground storage tanks, or from tank to tank after a road or train accident or breakdown.

The pumping unit consists of a Hatz lightweight diesel engine with gear drive to a type FP65 Drum positive displacement pump. The engine has a flameproof exhaust system with spark arrester, an *automatic shut-down* device and a remote stop control.

The maker is on the Wednesbury Trading Estate, Old Park Road, Wednesbury, Staffs. (021-556 4489).

● INSTRUMENTS

Accurate moving coil indicator

AT A time when there is a prospect that the pointer and dial indicator will be overtaken by the "digital read-out," Smiths Industries has announced a moving coil device with an accuracy of better than one per cent. achieved by means of a self-compensating design.

Known as the Linicator, it can have a completely linear or exactly reproducible non-linear 240 deg. scale and can be used to measure any physical quantity that can be represented by a change of DC current or voltage.

The customary need for high accuracy in the air gap between armature and magnet has been eliminated by using an air gap between two rings so that any irregularities cancel each other out. Production repeatability is such that pre-printed scales can be used.

The under one milliamp fsd units employ jewelled conical pivots while the lower sensitivity movements have jewelled parallel pivots giving a rugged construction of long life. A range of cases from 52 to 250 mm. is available with white enamel finish or pressed steel or square matt black bezels. *More from* the Industrial Instrument Division, Waterloo Road, Cricklewood, London, NW2 7UR (01-452 3333).

Measures solids in suspension

A PROCESS photometer that can be used where solids concentration or turbidity in a liquid medium can be measured as a function of its optical characteristics has been introduced by Eur-Control GB, 222A, Addington Road, Croydon, CR2 8YH (01-651 1226).

Usable with up to 90 per cent. obscuration of the measuring chamber, the unit, designated MEX2 uses a four-beam alternating light control system and has a submersible or flow-through sensing probe placed directly in the flow line, tank or reservoir containing the medium to be measured. No sampling is required.

Insensitive to changes in light level of the lamps or ageing of the photocells, the unit is designed to withstand the toughest environment. Applications will occur in waste water treatment, the paper and pulp industries, chemical plant, rivers and lakes management.

● BANKING

Tight control for a better design

AN INTERESTING experience in purpose design has come to fruition with the placing of a contract for some £4m. for 600 automated cash dispensers by the Scandinavian Savings Banks consortium with Docutel Corporation of the U.S.

Docutel has made a determined attempt to break into the U.K. banking market, but although Docutel has installed more online automated *tellers* than its six major U.S. competitors combined, the U.K. market seems to have remained adamant.

Whether this will continue now that the Scandinavians have taken the plunge remains to be seen.

Where the U.K. comes in is with the involvement in the Docutel design for Scandinavia of ERA Systems, a company under the wing of the Electrical Research Association. A senior specialist from ERA, Mr. R. J. Binfield, was seconded to work with Mr. P. M. Wising, entrusted by Nordic Savings Banks (NSD) in 1973 with master-minding the dispenser project.

At a very early stage it was decided to provide the simplest solution, precisely matching the NSD requirements and no more. At that time LSI potentialities were within the reach of the designer and it was decided to use these technologies coupled with computer control.

Twenty manufacturers from Europe, the U.S. and Japan were asked to send in proposals against the outline design specification. No product and no projected product was in line with NSD's needs.

The ideal was a unit able to operate in a bank or "through the wall" with little or no modification. The only differences between inside and outside units would be in the keyboard and the strongbox. All other modules would be identical. Single chip processor plus some ROM, and RAM power were specified, the dispenser to include a card reader, keyboard, display, note dispenser and journal printer.

Note handling problems were solved so satisfactorily that the mechanism was made much smaller and simpler than in any comparable unit.

In a second round of submissions, manufacturers were asked to put up budgeted tenders against a design specification. Docutel was the winner, *taking* responsibility for detail design.

This company has shipped not far from 3,000 dispensing units worldwide and will begin deliver*ing the NSD dispenser* in the middle of 1976.

Since NSD is to have a total of 6,000 terminals initially—10,000 at peak—on-line to central computers in the four countries involved, it looks as if Docutel may well have a major on-going contract which is a feather in the cap for ERA Systems.

The latter company is at Cleeve Road, Leatherhead, Surrey KT22 7SA, Leatherhead (03723) 74181.

Up to 12 passengers and one vehicle can be carried in this ferry, which is the first of the Rotork Sea Trucks to be built to the requirements of the Department of Trade. It was built by Rotork at Westbury, Wilts., and has been bought by Inverness County Council to provide a service between Castlebay, Barra and the Island of Vatersay in the Western Isles. The glass reinforced plastics ferry, which cost about £21,000, has a bow ramp and can be driven right onshore. It is powered by two Volvo 106-h.p. twin diesel engines and has a speed of about 20 knots.

● PLASTICS

Polyolefin product

PLASTIC CONSTRUCTIONS Group, fabricator and distributor of corrosion-resistant thermoplastics, has introduced a fire-retardant grade of polypropylene in the form of sheet, block and ventilation tube.

Available in sheet sizes 3000 x 1500 mm and 2000 x 1000 mm the light grey material is available in seven thicknesses from 3 mm to 15 mm. Pressed block is manufactured only in 2000 x 1000 mm in thicknesses up to and including 30 mm and the ventilation tubing in 10 sizes from 110 mm up to 500 mm outside diameter.

Tests on 3 mm and 6 mm materials have been carried out by Yarsley Testing Laboratories. The 3 mm material did not flame or glow after removal of the burner, using the BS2782 method 508A. For the 6 mm material, BS8547: Part 7: 1971 Section 2 was used. A *Class 2* result was obtained.

Plastic Constructions is on the Tyseley Industrial Estate, Seeleys Road, Greet, Birmingham, B11 2LP. 021-773 1331.

● SECURITY

Invisible ink stops pilfering

AN ADAPTATION of the schoolboy's invisible ink trick is stopping pilfering from stores in the U.S. merely after putting up notices stating that the goods on display are so marked.

The system is being introduced into the U.K. by Sandhurst (Britannia), of Spindle Way, Crawley, Sussex (0293 22215). It consists simply of a pen containing ink that becomes visible only on exposure to appropriate levels of ultra-violet light, together with a suitable UV light source.

The pen is non-defacing and can be used on all surfaces from valuable oil paintings and antiques to clothing and watches. Other uses might include marking of rented items, entries in building society books, authorisation passes, tickets, and pattern marking in the tailoring industry.

● POLLUTION

Combustion better and smut less

HIGH combustion efficiency, elimination of acidic smut and reduction of corrosion and smoke are said to result from the use of an oil fuel additive called MM now being tried out in factories and hospitals in various parts of the UK.

According to the manufacturer, the additive incorporates soluble manganese, soluble magnesium and complex alumina compounds in powerful solvents. It is suitable for all types of oil-fired boiler plant.

The specially activated manganese in MM, *says the company*, acts as a combustion catalyst and promotes more complete burnout of the fuel, so that less excess air is required for the combustion process. Soot and smoke formation is reduced to a minimum, and stack emission controlled.

The magnesium compounds in MM, it is added, raise the ash fusion temperature of the fuel oil, thus preventing vanadium slagging in the high temperature zone and plate-out on the heating surfaces of the boiler, retarding or preventing the catalytic conversion of sulphur dioxide to sulphur trioxide.

The solvents, in which the principal chemicals in MM are carried, condition the fuel and ensure control over sludge formation offering fuel saving, and control over burner coking.

Combustion Chemicals, Burwood Works, Chertsey, Surrey (Chertsey 63871) has already made arrangements for production of MM under licence in several countries and further overseas expansion is now being sought.

● PROCESSES

Useful raw materials from waste

TESTS OF a closed circuit "save all" recovery system in paper manufacturing have shown savings of 4 tonnes of fibre per week using a single low-cost unit known as the "Mecatec effluent treatment system. This *is a multi-purpose mechanical* device developed in the U.K. and already used successfully for general and industrial water treatment processing.

Other advantages of the system include recovery of valuable china clay and chalks. By closed circuit utilisation of process water there is a 50 per cent. saving of mains intake. The system also reduces effluent discharge to drains and brings it within consent conditions of the local authority.

Marketed by Mecatec project *engineers*, the *system has* no moving parts and comprises a holding tank fitted with a clarifier section. It combines features of inertial and blanket filtration for effective removal of particles.

The test programme, undertaken at a paper mill in the Aberdeenshire area, showed impressive separation of "thick" and "thin" fractions. When operating at approximately 14,000 gph input, overall clarification efficiency — taking into account the weight of solids removed and the weight of solids *in the input feed — varied* between 85 and 95 per cent. The clarified overflow, containing an average 140 ppm total solids, was used as shower water, while the thickened underflow was returned to a "save-all" unit yielding a four-fold increase in save-all drum efficiency. The existing save-all drum efficiency was increased from in the region of 20 to 80 per cent.

The system has been tested in two situations; first, drawing off backwater from the steeps *tank and latterly adjacent to the* main sewer channel. In this situation a constant flow of 14,000 gph was achieved and pipework arranged so the feed into the system and the outgoing "clear" fraction were by gravity. "Thick" sludge was pumped from the bottom of the cell.

Features of installation of the system are minimal disruption of production and the advantage of simplicity of additions due to modular construction. Because there are no moving parts, *individual components provide long,* trouble-free service.

Mecatec, 15, Melville Terrace, Stirling, Stirlingshire, Scotland. Stirling 63021.

Powder coats small items

A COMPACT electrostatic powder spraying system for components up to 12 x 9 x 6 inches has been introduced by Volstatic Coatings, 57 Stirling Road, Acton, London, W.3 (01-992 6931).

The complete system, measuring 12 x 6 feet, consists of a cylindrical spray chamber incorporating electrostatic guns, *a generator and powder feed* system, a powder extraction and recovery unit, an electric curing oven and a variable speed loop conveyor.

Because the spray chamber is designed to build a repelling electrostatic charge on its inner surface, the overspray powder is returned to the workpieces as they pass on the conveyor, producing a secondary *coating* effect.

Temperature of the oven can be controlled to a maximum of 250 deg. C. Curing time can be reduced to two minutes, and conveyor speeds up to 20 feet/minute are possible depending on the length of the oven.

U.K. ECONOMIC INDICATORS

		1975			1974	
General	Unit	June	May	Apr.	June	May
Unfilled vac'n's¶	'000s	141.3	164.1	173.4	447.5	429.8
Unemploymt. ¶	'000s	869.8	850.3	889.7	515.8	535.4
Currency resrv's	$bn.	6.198	6.491	7.132	6.711	6.920
Manf'd prods. d	1970=100	188.8	187.3	182.5	151.1	148.9
Basic mater'ls d	1970=100	227.5	225.8	222.9	213.9	214.0
Terms of trade	1970=100	82.2	80.8	79.8	73.2	72.8
Bank advances b	£bn.	13.646	13.182	n.a.	n.a.	n.a.
Retail prices ...	Jan. '74=100	137.7	134.5	129.1	108.7	107.6
Wage rates	July '72=100	180.1	174.9	168.9	136.0	131.2
		May	Apr.	Mar.	May	Apr.
HP debt¶	£m.	2,284	2,290	2,265	2,352	2,357
Indust. output**	1970=100	101.2	102.0	103.4	107.5	107.3
Rtl. sales val.**	1971=100	165.5	184.4	168.3	138.5	138.8
		1975			1974	
Trade and industry		June	May	Jan.-June	June	Jan.-June
Imports f.o.b.**	£bn.	1.609	1.602	1.692	1.832	1.651
Exports f.o.b.**	£bn.	1.440	1.586	1.493	1.341	1.206
Visible trade balance	£bn.	−0.169	−0.016	−0.199	−0.491	−0.455
		May	Apr.	Jan.-May	May	Jan.-May
Comm. vehicles* ...	'000s	32.0	32.6	29.9	36.1	31.3
Cars*	'000s	69	107	106	158	132.2
TV sets‡‡	'000s	162	263	223	247	266
Radios, radiograms‡‡‖	'000s	386	479	387	517	489
Steel (weekly average)*	'000 tonnes	332.9	424.8	442.4	440.1	415.5
Bricks*	millions	423	437	409.6	569	477.8
Cement (wkly. average)*	'000 tonnes	365	327	324	375	338.6
Houses compltd.¶	'000s	25.0	25.2	23.6	21.3	18.4
Man-made fibres*	m. kgs.	53.64	48.13	46.17	55.90	58.77
Furniture†** ...	1970=100	148	162	152	136	136
		Apr.	Mar.	Jan.-Apr.	Apr.	Jan.-Apr.
Hosiery*	1970=100	82	84	85.8	101	98
Petroleum†	m. tonnes	7.57	7.22	7.62	7.68	8.26
Raw cotton (wkly. average)	'000 metric tonnes	1.87	1.96	1.94	2.63	2.23
		Mar.	Feb.	Jan.-Mar.	Mar.	Jan.-Mar.
Engrg. (orders on hand)** ...	1970=100	121	124	123.6	137	136
Elec. cookers† f	'000s	75.2	77.0	77.4	78.3	68.7
Washg. mchns.†	'000s	91.8	85.9	87.2	79.9	75.7
Machine tools†	£m.	27.5	25.1	25.2	22.2	18.5
Raw wools§	m. kilos	9.3	9.1	9.1	11.1	9.5
		2nd qtr.	1st qtr.	Year to date	2nd qtr.	Year
Consumer spending	£bn. 1970 values	8.950	9.059	18.009	8.782	35.759
		1975	1974			1973
		1st qtr.	4th qtr.	1st qtr.	Year	Year
Motor trade turnover	1967=100	243	209	186	207	192
		1974			1973	
		4th qtr.	3rd qtr.	Year	4th qtr.	Year
Bldg. and civil engineering* ...	£bn.	2.623	2.667	10.220	2.372	8.984

* Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Great Britain, not seasonally adjusted. ** Seasonally adjusted. †† All manufacturing industries. ‖ Excluding car radios. ‡‡ Deliveries, U.K. made and imported sets. b From May, 1975, onwards new basis of calculation refers to advances to U.K. public and private sector. Historical figures on new basis not available. d Prices. f Including cooker griller toasters.

Too few skilled oil men for N. Sea, report says

BY RAY DAFTER

A SERIOUS shortage of technically skilled staff is likely to hamper the development of North Sea oil in the next few years. As a result the Government's new state undertaking, the British National Oil Corporation, may have to lean on existing licence holders to provide it with expertise.

Warnings about staffing problems were highlighted in the first report from the Select Committee on Nationalised Industries, published yesterday. It was critical of successive governments and universities for failing to train enough people in the skills required for offshore oil exploitation.

"*An important part of this* country's future economic prosperity depends on the exploitation of the U.K. Continental Shelf. The shortage of staff is likely to be a serious limiting factor," says the report which concentrates on off-shore activities.

Education

The Government was recommended to give "high priority" to funding petroleum studies in universities and colleges. Money was also needed for the basic professional disciplines such as geology and geophysics. "A relatively small injection might yield large dividends." The oil industry could also help by providing funds for post-graduate courses, with assistance over teaching staff at colleges and with on-the-job training.

The BNOC was likely to feel the real impact of this lack of expertise. It would have to compete for staff with many other *organisations*, private companies and nationalised industries like the National Coal Board and the Gas Corporation. The Department of Energy and the Offshore Supplies Office were also recruiting more experts.

The Select Committee felt that the scope for bringing in U.S. experts on a temporary basis is probably limited. Similarly it might be difficult to entice back British oilmen working overseas.

Although the long-term aim could be met by training more staff, short term requirements might be helped by a sharing of resources. The committee hoped that nationalised industries, including the BNOC, will take advantage of their close partnerships with big oil companies to arrange secondment of staff to the companies for gaining practical experience.

The committee, under its chairman Mr. Russell Kerr, Labour MP for Hounslow, Feltham and Heston, heard from a succession of witnesses that BNOC's greatest problem would be to build up staff. "We believe the first necessity will be to tailor the role of the BNOC to its capabilities. To acquire a large holding in a consortium without the ability to take a proportionate part in its policy-making counsels might damage both BNOC and the consortium." This approach was in line with the Government's stated aim that the corporation's build-up would be gradual.

Expertise

The nationalised industries and the Government and its agencies were criticised for not building up technical expertise by taking advantage of the presence of some of the world's largest and most experienced oil companies in the North Sea.

The committee also questioned whether the Government had taken advantage of the participation of the Coal Board and Gas *Corporation in the North Sea oil* and gas programme. It seemed that Whitehall had not used its powers to the full to acquire information.

The report continued: "We appreciate that it might have been difficult for the Government to have used its powers over the National Coal Board and the British Gas Corporation to extract information not sought from the private sector without lessening the attraction of these two partners. But we assume it would have been relatively easy to require all participants to supply more information, including financial information, either by regulation or as a condition of licences."

*In spite of general uncertain*ties about North Sea economics, the report came to the "tentative conclusion" that the BGC and NCB had been reasonably successful. The drilling record of the consortia to which they belonged was probably better than average. The Gas Council's overall drilling success rate was one to every four dry holes. The NCB has a record of 25 successes out of 45 wildcat wells; a rate of 1 to 1.8. By comparison, British Petroleum's record was 1:1.4 in the southern sector of the North Sea, and 1.35 in the North.

The Gas Corporation's participation in the North Sea programme had assisted it in its role as virtual monopoly purchaser. "The gas profit levels obtained by BGC and NCB from existing large fields have been satisfactory but future profits from smaller gas fields are less certain.

"There are further uncertainties in the future profitability of oil: what evidence we received suggested it might be fairly marginal, even at the present high price of oil, in the relatively small fields making up much of the holdings."

Terry Kirk

RUSSELL KERR: high priority for university studies

The report also pointed to uncertainties surrounding BP's future position vis-a-vis the Government and the BNOC. If the corporation were to take a 51 per cent. stake in BP's Forties *project, for* example—and BP has agreed to the principle of participation—it would be on top of an existing 48 per cent. Government holding in the company's equity.

BP's position

"We accept that BP's international interests have made it undesirable to turn the company into a BNOC of one kind or another. But it does not appear that BP's considerable world resources and expertise have been drawn upon to any material extent to help the public sector interest in the Continental Shelf—for example, in training or attachment of nationalised industries' staff. Subject to BP's own needs, and difficulties in recruiting and retaining staff, it may be possible in future to tap their expertise in some way."

This comment is indicative of the general tenure of conclusions expressed in the report. The committee said that it had been left with a strong impression that up to the publication of the 1974 White Paper there had never been a clear Government philosophy of public sector participation.

"We believe that the Government role in the sphere of public sector involvement has hitherto been mainly passive. Perhaps the most important Government contribution has been to remove legislative and administrative constraints by empowering the nationalised industries to engage in Continental Shelf operations and enabling them to organise their financing without being placed at a commercial disadvantage."

It was not widely appreciated that the off-shore activities of the Gas Corporation and the Coal Board had been subject to a lesser degree of Government control than the main onshore activities. The Gas Corporation, for example, had never discussed its off-shore capital programme in detail with the Department of Energy.

The participants were now moving into a period of intensive development, however: costs were rising and the eventual yield might be lower than previously anticipated. A reduction in real terms of the world price of oil could further jeopardise the situation: the smaller oilfields were particularly sensitive to changes in price.

"In this situation we believe that investment by the nationalised industries—including the BNOC—particularly in the oil discoveries in the small or medium categories, will in future require closer supervision by the Department of Energy and the Treasury."

The committee's final recommendation concerned the availability of information. Now that the Government intended a materially stronger public sector presence in the North Sea, more information should be regularly published. This should cover, in particular, reserves, costs and the *supply of British goods and sources.*

First Report from the Select Committee on Nationalised Industries: H of C Paper 345; SO: £4.55 net.

Tax suggestion 'unworkable'

The present tax system is "becoming unworkable" because of frequent changes, according to the chairman of the Income Tax Payers' Society.

Introducing the society's annual report, Mr. William Clark, Conservative M Pfor Croydon South, said: "It is small wonder that taxpayers are confused and the administration hard pressed. No tax system can be fully effective unless it is generally understood and broadly accepted."

APPOINTMENTS

New directors for Hawker Siddeley companies

The following Board appointments have been made in HAWKER SIDDELEY companies *to take effect from August 1: Mr.* J. R. W. Hampson becomes a director of YORKSHIRE ELECTRIC TRANSFORMER COMPANY, while Mr. W. G. Thomas and Mr. A. L. Wolfendale have been appointed directors of SOUTH WALES SWITCHGEAR.

★

Mr. Michael Broadhead has become director of EXPRESS PRODUCTS, the butter and cheese division of EXPRESS DAIRY FOODS. He was previously director of EDEN VALE and has been *with the company for five* years. The vacancy created by his move from EDEN VALE, the *short*-life products division has been filled by Mr. Christopher Nelson, who takes over as director in charge of sales and marketing at EDEN VALE. Mr. Nelson was previously with Lever Brothers.

★

Following his retirement from chairmanship of the Stock Exchange Mr. G. A. Loveday is relinquishing his partnership with ROWE AND PITMAN, HURST-*BROWN to-morrow, but is remain*ing an associated member with the firm.

★

Mr. J. F. Burley and Mr. W. R. B. Foster have resigned as directors of MINES TRADING COMPANY, being replaced on the Board by Mr. K. R. Barrett and Mr. R. H. Y. Mills. Mines Trading Company is the London purchasing office of N.I.M. Holdings and ASARCO Inc.

★

Mr. J. Hamilton-Jones, who will *succeed* Mr. A. J. Steeds as actuary of the MERCANTILE AND GENERAL REINSURANCE COMPANY on January 1 next, will continue as assistant general manager responsible for the life division of the company.

★

Mr. Robert C. Hunter, vice-president and general manager of the London branch of TEXAS COMMERCE BANK, has been promoted to senior vice-president. Mr. M. Robert Dussler, Jr., has been appointed vice-president and assistant general manager.

★

Mr. David Adam has been appointed a director of JOHN WALKER AND SONS. He was sales representative in the North of Scotland before returning to the production side of the company in 1963.

★

Mr. Herbert William James has resigned from the Board of NSS NEWSAGENTS.

★

Mr. Lewis Altman has resigned *as a director of ISLE OF MAN* ASSOCIATED INVESTMENTS and Mr. Stanley Peter Trustrum Keig has been appointed to the Board.

★

Mr. Brian Bigley has been appointed regional secretary of the CBI's Yorkshire and Humberside Region and Mr. Steve Rankin a similar post with the Northern Region. Mr. Bigley succeeds Mr. Clifford Richardson, who is retiring after 24 years with the Federation of British Industries *and the CBI. Both appointments* are effective from August 4.

★

THE TEXTILE RESEARCH COUNCIL has re-elected as its chairman Mr. Leslie Bamford, who retired from the Board of Coats-Paton at the end of June. His retirement will enable him to devote more time to the affairs of TRC during what will be his third three-year term of office.

★

Mr. F. Harfield and Mr. R. F. Heath have been elected directors of WADHAM STRINGER.

★

YORK TRAILER COMPANY reports that Mr. Ben van Ommering has been appointed commercial director, Netherlands, and an associate director of YORK TRAILER. Mr. van Ommering, who has directed the affairs of YORK TRAILER EUROPA BV, of Rotterdam, for 12 years, remains managing director of the Netherlands subsidiary.

★

A new deputy director of research for the POST OFFICE'S Research Centre at Martlesham Heath is to be Mr. Clive Foxell, at present managing director of GEC SEMICONDUCTORS, Wembley. He takes over on September 1 next in succession to Dr. J. R. Tillman, who is retiring.

★

Mr. R. J. Wyles, general manager commercial, and Mr. C. P. W. Villa, financial controller, who are based at the company's head office at Redhill, Surrey, have been appointed directors of the BRITISH ISLAND AIRWAYS BOARD. Mr. Wyles *started in* civil aviation more than 27 years ago, having previously held appointments with British European Airways and Central African Airways. Mr. Villa joined BIA in 1970, having previously held financial positions with a cosmetic company and a major oil company.

★

Mr. Richard L. Donovan and Mr. Michael R. Hill have been appointed to the Boards of CHARLES HILL AND SONS and *JEFFERIES AVONMOUTH*, the shiprepairing, shipbuilding and engineering companies in THE CHARLES HILL OF BRISTOL GROUP.

★

Mr. A. C. Ferguson, the company's *technical manager*, has been appointed to the Board of W. AND T. AVERY.

★

Mr. George A. Cooper, managing director of THAMES TELEVISION, has been appointed chairman of the NETWORK PROGRAMME COMMITTEE of Independent Television in succession to Mr. Bruce Gyngell, joint managing director of *ATV NETWORK*. Mr. Cooper takes over on August 1 next, and the term of office is for one year.

Mr. *Paul* Fox, joint managing director, TRIDENT TV, has been appointed deputy chairman of the NPC in succession to Mr. Cooper. Mr. Fox also assumes office on August 1 next and will hold the *appointment for one year.*

★

Lord Greenwood of Rossendale has been elected chairman of the BRITISH COUNCIL FOR REHABILITATION OF THE DISABLED in succession to Major Norman Kark.

★

Mr. E. Tomlinson has been appointed to the Board of RANKS HOVIS McDOUGALL. He is succeeded as managing director of the bakery division by Mr. R. F. Lister.

★

Mr. Charles J. Hiltzheimer has been elected president and chief operating officer of SEA-LAND SERVICE, INC., of Menlo Park, New Jersey. Mr. Paul F. Richardson, formerly president of SEA-LAND SERVICE, has become vice-chairman.

★

Mr. Malcolm Douglas has been appointed sales director of KENNETH HENSBY, of South Lane, Netherton, near Wakefield, area dealers for MAN Concessionaires GB. Before joining Hensby's Mr. Douglas was with Peter Hanson Commercials, of Hull.

★

Mr. Reg Tiplady, has been appointed to the Board of PRESS ENGINEERING AND MANAGEMENT SERVICES, a Darlington-based subsidiary of WILLIAM PRESS AND SON. Mr. Tiplady has been general manager of PEMS for the past year—in a position he will continue to occupy as a director. Before his appointment as general manager, Mr. Tiplady was manager of the *WILLIAM PRESS marketing* organisation in the North of England.

★

Mr. B. G. Hill, chairman of the TURNER AND NEWALL subsidiary FERODO, has been appointed a non-executive director of the T and N subsidiary ENGINEERING COMPONENTS, and Mr. E. P. Gower, chairman of ENGINEERING COMPONENTS, a non-executive director of FERODO.

Mr. D. W. Hills, chairman of T and N subsidiary TBA INDUSTRIAL PRODUCTS, has been appointed a non-executive director of T and N subsidiary TAC CONSTRUCTION MATERIALS and ceases to be a non-executive director of FERODO.

★

Mr. E. G. Parke, director, operations, of SHELL MEX AND BP is to join THE WEIR GROUP in September as an executive director and resident representative in the Middle East. He will be based in Bahrain. The appointment is being made to strengthen *THE WEIR GROUP'S position in* the Middle East.

★

Viscount Head, chairman of the ROYAL NATIONAL INSTITUTE FOR THE BLIND for seven years, has succeeded Viscount Cobham as president. Mr. Duncan Watson, a blind Treasury solicitor, takes over as chairman.

Fine wine prices weaken again

By Edmund Penning-Rowsell

THE LARGE ATTENDANCE yesterday at Sotheby's last fine-wine sale of the season was not matched by the prices. Until the most recent wine auctions in Bond Street and King Street, there had been evidence of a firming-up of prices of fine clarets and vintage ports, but this month's sales seem to show a weakening again.

The foreign buyers who have helped to sustain the market *in past months were well repre*sented, but the sale contained few of the rarities that catch their imagination and their bids.

Typically, two good prices were given for wines of this type: Ch. Margaux '19 (£130 a *dozen) and Leoville-Poyferre* '28 (£190 a dozen), while four bottles of Yquem '59 made something like a record per-bottle price at £76 the lot. A single litre of late 19th century yellow Chartreuse fetched £40.

The first-growths seemed relativel yout of flavour. Mouton Rothschild '61 that rose as high as £250 a dozen in last month's Rothschild sale sold for £150-£185, Latour '61 reached £150 and Haut-Brion '61 went no higher than £130, while the '64 first were in the £50-£60-a-dozen bracket, an dthe finer '66s averager £60-£72.

Bargains

On the other hand, some second-line '61s did better, led by Gruaud-Larose at £86 and Lynch-Bages at £72; but well-known '66s at £36-£42 a dozen were bargains for these relatively mature wines.

The sheen appears to have gone off the Domaine-de-la-Romanee-Conti burgundies, with the '69 Romanee-Conti making much the best price at £185 a dozen. La-Tache '69 fetched up to £110 and Richebourg '69 brought only £72.

Vintage ports, many from an old Exeter wine merchant giving up business, went for bargain prices, with the '60s making £30-£36 a dozen, the '63s bringing only £29-£33, the '66s ranging from £25-£32 and the '70s from £20-£31. The best price was the £135 for a dozen Taylor '45.

Sale total was £48,182.

London cab fares increase

LONDON TAXI fares and charges—last increased in April last year—are going up from July 31, Mr. Roy Jenkins, Home Secretary, announced in a Commons written reply.

BOOKS

Current works of crime fiction and espionage

Policeman and psychopath

BY C. P. SNOW

The Casebook of a Victorian Detective by *James McLevy*, edited by George Scott-Moncrieff. Canongate, Edinburgh, £4.75, 270 pages

Stronghold by Stanley Ellin. Jonathan Cape, £2.95, 295 pages

The history of the detective story is more interesting than some of the thick-ear contributions recently in the mode. *The Casebook of a Victorian Detective* is a document which may be one of the originating sources. It is a record of several more or less trivial cases *solved triumphantly by a detective* in the Edinburgh City Police Force, circa 1830-1850.

The detective was called, *rather improbably*, McLevy, which sounds like a joke emanating from New York. In fact, he was an Irishman, like many of the criminals in nineteenth-century Edinburgh, and he really did exist. The first version of this book was published in 1861 under the title of *The Sliding Scale of Life*, and was supposed to be written by himself. If so, he was a man of natural literary talent. Though the cases themselves are primitive and not worth much attention, the stories are dense with the atmosphere of the claustrophobic closes and tenements, the swirling population of the fetid slums. One does suspect an accomplished ghost.

There are phrases which may very well have stuck in the mind of the young Conan Doyle when he was a student in Edinburgh. McLevy speaks of one of his crooks in terms remarkably similar to those Holmes uses about Moriarty. If there is *anything in this guess, it would* establish *The Casebook* in detective story history. The success with atmosphere and *personal panache might* also have impressed the adolescent Doyle. Those were to become his own strengths, and story was never his major point.

McLevy, whether he wrote the book or not, had a good deal of personality. He was extremely *vain, tough, given to moralising*, and a careful observer of people. He flattered himself on his judgment of character, and from his own account he was often right. He claims to have picked up signs of guilt from the turn of a head or an eye-blink, which is nonsense. Still, external and official evidence suggests that he was excellent at his job.

From the description of his cases, he belonged to the serendipity school of detectives, of which Maigret is the most distinguished fictional representative. Maigret doesn't exhaust himself by strenuous investigations. He finds it more satisfactory to sit in a café for twelve hours or so, sipping an occasional beer or cognac, waiting for his criminal to confess. McLevy had only to walk down Princes Street or the Royal Mile, and similar agreeable events happened. Someone, betraying himself by a trick of physiognomy *revelatory* to that all-seeing eye, duly came along.

In fact, of course, McLevy must have had his corps of in*formers, without which neither* he nor any other policeman could have operated—but he didn't give away any of the real tricks *of the trade. One of the narra*tive details which strengthens one's suspicions of a ghost is that, in cases which stretch over *a period of more than 20 years*, he is nearly always accompanied by a junior officer called Mulholland, who functions as a kind of strong-arm Dr. Watson. As a literary device this produces a comfortable sense of familiarity, but no police force, even in more ramshackle days, could have been organised like that. Poor old Mulholland might reasonably have expected a change of job in a generation, or even a tiny promotion.

From McLevy, or even from Holmes, to the classical detective story is a very long way. Julian *Symons, both in theoretical* analysis and in the most practical way possible, that is by writing first-class realistic thrillers, has argued that the classical detective story has been obsolescent for years and is now obsolete. Jacques Barzun has argued with his usual lucidity in precisely the opposite sense. I very much admire Symons's work here and elsewhere, but I should wish to agree with Barzun. The only *genuine evidence worth having is* the quality of books which are being written. One can't dismiss any form, to my mind, when it can produce classical stories as good as P. D. James's, the most intelligent, alluring and psycho*logically penetrating examples* of the genre now being written in this country.

Yet there has just appeared an equal argument on Mr. Symons's side. Stanley Ellin is as good at his art form as P. D. James at hers. Ellin has written a whole set of varieties of sophisticated thriller. He first became celebrated for one of the best macabre short stories ever written "The Speciality of the House." Since then his major successes have been with shortish thrillers, not well enough known *on this side of the Atlantic*. The present work, *Stronghold*, is a full length novel and the best of its kind that he has so far published.

It is a splendid example of what can be done with a thriller, and a very very long way from McLevy. Ellin is every bit as psychologically subtle and as verbally skilful as P. D. James, but he puts these gifts to distinctly different purposes. *Stronghold* is violently, and sometimes shockingly, exciting. It is an attack on the senses as well as the intelligence.

The conception is typically ingenious. The story is told in alternating passages through two consciousnesses. One belongs to a bright psychopath, J. Flood, who in prison has collected three collaborators or followers—one *a clever black from the Wind*ward Islands, the other two massive hoodlums with no brains at all. Flood's plan is to invade the house of a Quaker banker in New York State, take his wife and two daughters as hostages, demand a ransom of $4m. and air transport—with hostages—to the Windward Islands. From there the clever black can arrange refuge, with the ransom, in Latin America, and the hostages can be let go.

It is unfair to tell the development of the story, but perhaps one can mention that it doesn't work quite like that. The Quaker banker and his son-in-law try a stratagem of their own, which is described in the banker's own interior monologue.

For both Flood and the banker their streams of thought are told with the most precise skill. In the case of Flood, Ellin uses this device much more effectively than most of the novelists—far too many—who have played with it. He does manage to tell us something new, in its flat and desolating truth, about the nature of his psychopath. He is not so illuminating about the banker, where his empathy isn't working at such full stretch.

It is time Ellin was recognised over here as the fine performer that he is. There seems to be no reason why he shouldn't reach a wide public. It is safe to guarantee that a wide public would relish this book.

Fred Walter's poster advertising 'The Woman in White' (1871) used on the dustjacket of the book reviewed below.

Downland quest

BY T. C. WORSLEY

Red Anger by Geoffrey Household. *Michael Joseph*, £3.25, 207 pages

Geoffrey Household's highly enjoyable thriller represents a throwback to an earlier version of the form. As far as he is concerned Len Deighton, Le Carré and even Frederick Forsyth might never have existed. He is, so it seems to me, in direct line of descent from Buchan. His story demands that degree of credulity, neither more nor less.

Then, as in Buchan, the obligatory chase scene at the end is not urban and does not depend on modern machines: it is foot-slogging, and over a dearly-loved and intimately-known landscape. Buchan's was the border country: Household's is the Wiltshire downs, and his hero knows the terrain as intimately as an ordnance map.

But there the resemblance between the two writers ends. The enemy in Household is not the amorphous and anonymous international villains of Buchan, chosen, if I remember rightly, on what we would now call racialist grounds: his hero Adrian Gurney is up against the KGB, the CIA and MI5.

Gurney was a young unemployed Englishman, who had been brought up *in Wiltshire* where his father farmed. But on his early death, Gurney's mother had returned to her *native Romania*, and as a child Gurney became tri-lingual: his Russian was almost as good as his Romanian which was perfect.

English-born, he had a British passport, so it was not difficult to leave Romania as a young man, answering the strong call of his native land. So it was that he became involved with the strange case of Alwyn Rory who was reported as having defected to the Russians. Rory's tough Anglo-American aunt refused to believe this stain on her favourite nephew's honour.

Gurney is drawn into proving *her right. But much skull*duggery and many red herrings intervene before, on the Wiltshire downs, Gurney manages to solve *the matter once and for all.*

An ingenious plot and an intimate knowledge of the English countryside make a good combination: and if Mr. Household is slightly deficient in drawing complete characters, the pace and the thrills are good enough to cover over the cracks.

Triggering off

BY DEBORAH PICKERING

Jaundiced addicts must be bored with the ubiquitous gun as the crime writers' constant challenge to law and life and this easy weapon features throughout another batch of thrillers. However, in Reginald Hill's **An April Shroud** (Collins, £2.75, 255 pages) death is due to a do-it-yourself power drill when the husband of Bonnie Fielding, *mistress of a Lincolnshire* country house is investigated and subsequently ingressed by Superintendent Andrew Dalziel. The Super's *spring holiday is* dampened with more than April showers . . . water-borne cortèges, fey family mourners, a deep-frozen rat and a cook on the game add to a chuckling escapade with a sad, surprise ending.

Thomas Harris's **Black Sunday** (Hodder, £3.25, 318 pages) has a death plan without parallel. The motive is international blackmail and the victims 80,000 innocent citizens. The old Middle-East battle is played out from Beirut to New Orleans but the assassins' weapon is a multi-effect explosive en route to a huge, public stadium. Harris's character-portraits make one sweat along with the explosive to the last relief-making page.

How does a professional assassin retire? Andrew York's **The Fascinator** (Hutchinson, £2.95, 191 pages) chooses Ibiza but is plunged into a bizarre adventure involving an oil-rich prince, luxury yacht with matching women, and the implementation of a dusty *modus operandi*. Skulduggery and swift action sting an unlikely tableau of cosmopolitan characters.

Handsome boy stands naked, clutching murder gun over dead Los Angeles bar-owner. A "homosexual beyond stereotype" claims the blurb for insurance investigator, David Brandstetter, of Joseph Hansen's **Trouble Maker** (Harrap, £3.40, 164 pages). If the gay guys are to be a new fiction cult there has to be a special quality despite the suspense-making story, a fag against this seamy, Californian setting might just as well be something one smokes.

Michael Pereira's **Equal Antagonists** (Collins, £2.65, 224 pages) is a curiously dated saga with characters who seem and talk like pre-war people. I felt cheated of contemporary colour. Writer Sixteen Hessenden, VC, is married to a ruthless, resentful woman who aspires to swap her *cipher-status for wealthy widow*hood. She is aided by a young lover whose achievements out of bed would appear to have an "O" rating and a really nasty group of non-starters put the chocolate coating on a biscuit-dry plot.

A stylish, tangy brew from William Haggard in **The Scorpion's Tale** (Cassell, £3.25, 188 pages). Cosy, middle-aged *Colonel Russell again with the* zip and *savoire vivre* of the late head of the Security Executive, is a gentleman against puny players on a package-deal Spanish holiday. Never an eye-brow or word misplaced in a smoothly, sardonic misadventure laced with Haggard highlights.

The death of the U.S. President and political hiatus are the theme of Wilson McCarthy's **The Fourth Man** (Hutchinson, £3.45, 240 pages). Eye-opening shocks and astonishing *duplicity* of personnel compensate the irritating, American literary style. Fascinating key-hole peeps into the Mafia and American Secret Service, double-crossing, deceptions and gutsy action make for a cracking narrative.

Magnificent McBain! **Where There's Smoke** (Hamish Hamilton, £2.95, 185 pages) takes us away from the 87th Precinct to the private regrets of retired police lieutenant, Benjamin Smoke. "I've never investigated a case I couldn't solve. I've *never encountered the perfect* crime." He is almost confounded . . . meeting with body-snatching and a nut-case lady who thinks she is Cleopatra. There has to be only three motives for stealing five corpses, reflects Smoke: love, money or lunacy, and he sanely proceeds to a sure solution. Ed McBain's economy of exclusive style and narrative always leaves me hungry for more pages. Smoke creates a delightful new appetite.

And now to a real-life crime—"The Croydon Poisoning Mystery" is the sub-title of Richard Whittington-Egan's brilliant and patient research for **The Riddle Of Birdhurst Rise** (Harrap, £5.75, 298 pages). Three exhumations, three inquests, three further suspected murders buzzed crime history of 1928-29 when three members of a family died from massive doses of arsenic and nobody was convicted for the crimes. Here the reader is detective and, right to the very last page—when a surviving member of the family completely refutes the author's findings—the story is a succulent *feast for serious students of* criminology.

Horrible hamsters

BY ROBIN LANE FOX

The Animal Lover's Book of Beastly Murder by Patricia Highsmith. Heinemann, £3.10, 230 pages

Highsmith: lethal tales

The beastliness of Patricia Highsmith's latest collection of murders is, quite simply, that they are committed by beasts. But can an animal be guilty and does it kill without provocation? The question is less interesting than the social conventions which run through our relation*ship with pets*, our *classification* of animals into nice and not-so-nice and our utterly contemptuous treatment of those which *we have put beyond the pale*. I am prepared to bet very heavily that when the present tide of social sympathy, concern for human relations and blind faith in material equality has run its course, it will wash over onto our treatment of animals. Descriptions of a deliciously juicy cut of meat will take over from the heartier passages of Kipling and Buchan as the new painful reading for an agonised middle-class.

Incredulous comment will be passed on a society which worshipped social services while *subsidising cheap beef*. The status of the rat will be redefined, while paganism, which slaughtered animals to its gods *and* called the lower classes plain wicked, will seem unbearably obscene.

Patricia Highsmith is at her best when playing with this two-edged theme. Her stories are short, excellently written and move from country to country in a lively succession of animal incidents, some seen through bestial humans, others through human beasts. Hamsters are smoked to death by an outraged *invalid* whose lawn, their burrowing ground, is to be made into a swimming pool. He attacks them with absolute certainty, while his wife looks on and worries that the smoke will spoil the rose-trees. A keeper of battery hens, who knows a "de-beaked" *bird when he sees one*, is pecked to death by his own chickens; Chorus Girl, a zoo elephant, is enraged by her *visitors, then shot for a retalia*tion with which we sympathise, seeing it powerfully through her eyes. And so on, humans intruding throughout.

Brisk though these stories are I am not altogether reconciled to them. I can enjoy their subtle presentation of different attitudes, of the views of tourists, Venetians and an anxious mother when faced with a harmless Venetian canal-rat. I am less concerned with whether or not the rat is to blame when harassed into an attack on a baby. The theme that man gets the beasts *he deserves makes much of this* detail uninspiring. At times there is a strong sense of the déjà vu. After Saki's splendid tale of Sredni Vashtar, it is hard to write about a boy who keeps a murderous pet ferret. Miss Highsmith launches into the same theme more maturely, maybe, but far less tellingly and without Saki's awful wit. Her best sketch drops the theme of murder altogether, the monologue of a cockroach who moves clientele from a passé hotel in Washington Square. Throughout, there is lively reading, but I *am not really sure that there is* enough in the idea for 13 stories.

Over the brink

BY ANTHONY CURTIS

The Dangerous Edge by Gavin Lambert. Barrie and Jenkins, £4.50, 271 pages

The recent book about Dorothy Sayers by Janet Hitchman showed how she turned to a career in crime fiction with the simple motive of making money out of it. The thriller writers Gavin Lambert studies here all succeeded in doing that but their motivation was more complex. They saw the criminal as the most *revealing member* of a society the fearful and intolerable pressures of which he was the unique product. This *view of crime brings us to the* dangerous edge of the book's title where criminal blends into psychopath, murderer into artist, *violence into virtue, along with* all the other inversions and subversions of human values.

When you have crossed over this edge and the darkness engulfs you your need is for some reassuring father figure or reliable knight errant to arrive on the scene, unravel the mystery and to restore a mad world to sanity, like Fortinbras at the end of *Hamlet* or Gerald Ford at the end of Watergate. In other words what you want is a Holmes, a Maigret, a Father Brown, a Richard Hannay, a Philip Marlowe. Such is Gavin Lambert's line of argument in *The Dangerous Edge* which offers a serious critical examination of the crime fiction written by Wilkie Collins, Conan Doyle, G. K. Chesterton, John Buchan, Eric Ambler, Graham Greene, Simenon, Raymond Chandler and the films of Alfred Hitchcock.

Mr. Lambert, an English film-writer and novelist himself, domiciled until recently in Hollywood, pursues with zeal his pattern of danger through a massive examination of the plots of hundreds *of different books and* films from *The Woman in White* to *Strangers on a Train* and much that was already familiar *is given new* meaning under this deep analysis.

Mr. Lambert also attempts with clinical ruthlessness to relate the work of these "crime artists" to their own lives: Collins's opium fugues, the Catholic-bred *guilt* of Greene and Hitchcock, Chandler's marriage on his mother's death to a woman 17 years older than himself, Simenon's ultimate repudiation of his own vast output, are the kind of biographical pieces that Mr. Lambert tries to make fit a subtle jigsaw of empathy between the creator and the criminal. He has opened up some interesting lines of inquiry along which more work remains to be done.

Pulling the carpet

BY MICHAEL THOMPSON-NOEL

By Hook or by Crook by Emma *Lathen. Victor Gollancz*, £2.80, 223 pages

Miss Lathen's elegant financial detective stories are a long way removed from the more rumbustiously contemporary novels of Dr. Paul (*The Billion Dollar Killing*) Erdman, but none the less attractive for that. Her famed investigator, John Putnam Thatcher, senior vice-president of the Sloan Guaranty *Trust, sets to work with all the* courtliness and ease associated with the Sloan, but gets there just the same.

In his latest case, Thatcher is called upon to try his wits against the Parajian family of New York, which runs the largest Oriental carpets business in the country, with sumptuous emporia in New York, Dallas, San Francisco and Honolulu, but which is beset, nonetheless, by some curious financial troubles.

The firm is run by Paul Parajian, whose control, however, is ebbing. His children want to squeeze him out and appear to be succeeding until Aunt Veron, who holds a crucial 15 per cent. of the stock, emerges suddenly and surprisingly from Soviet Armenia. But is she the real Aunt Veron, or an impostor? *Unfortunately for* her, the old lady is poisoned off during her first meal with the family, which is where the Sloan's troubles start.

With Aunt Veron's demise, an even darker question is hinted: are Paul's children really his children? John Putnam Thatcher manages to solve this and succeeding problems with customary aplomb—the final solution is satisfyingly ingenious—but along the way we are treated to the full benefits of Miss Lathen's customary thoroughness.

The Iranian carpet producers, for instance, are beset by a series of problems—minimum wage increases, new child labour laws, the competing attractions of the oil industry and a new school system—that are draining the pool of weavers. Result: a *remarkable price boost for con*temporary Oriental rugs and the opening up of rival less cost-laden enterprises in places like India and Bangladesh.

Miss Lathen is equally adept with the celebrities of the Sloan: Miss Corsa, for example, Thatcher's fearsome secretary; and the bumbling Bradford Withers, president of the bank, who believes that most of the Sloan's more technical problems can be solved by a salt-tablet *dispenser beside every water* fountain.

By Hook or By Crook finds Miss Lathen at the top of her *form, which is recommendation* enough.

Thrills and chills in short

BY WILLIAM WEAVER

The man from Greek and Roman by James Goldman. Hutchinson, £2.95, 251 pages.

A major museum — the Metropolitan of New York, not to put too fine a point on it — purchases for a fabulous sum a priceless Roman chalice. As in a still-unforgotten real life case, *the object's provenance is* dubious and so is the museum's moral position. The curator of Greek and Roman art is led to clear up the mystery, whose ramifications take him to various unlikely parts of Europe and introduce him to some even more unlikely characters. The solution, when it finally comes, is not very likely, either: but as they say in the airlines' advertising, getting there is half the fun. More than half, actually.

The blurb tells us that Warner Bros. is already planning to make this fast-paced story into a "major" film. Casting may be a problem. For the dreamy curator you'd really want a young Gary Cooper, and for his devil-may-care girl-friend and partner in detection, a young Jean Arthur. We'll probably get Robert Redford and Barbra Streisand, but at least there'll be plenty of gorgeous scenery and, with luck, a few laughs and a few surprises. The book is a glossy, nicely-packaged product.

A Case of Spirits by Peter Lovesey. Macmillan, £2.25, 160 pages

Victorian detective novels are all the rage now, and *Peter Lovesey* is undeniably one of the best practitioners of the genre. (His *The detective wore silk drawers* a couple of *years ago was a* delight.) This time, he focuses his attention on spiritualism, inspired by Browning's Mr. Sludge. A particularly unattractive charlatan is murdered during a séance, and almost everyone present seems to have a good reason for wanting him out of the way. Mr. Lovesey's unperturbable and *wry Sergeant Cribb* —with no help from the egregious Inspector Jowett— gently solves the case, picking his way through the hypocritical prudishness and the complex class distinctions of London in the 1880s. An elegantly written book.

Gently With Love by Alan Hunter. Cassell, £2.50, 184 pages

The latest in Mr. Hunter's long series of novels featuring Superintendent George Gently. The story is neatly built, from an uneasy dinner-party (one of those family affairs in which dissension keeps stirring beneath the surface, never boiling over) to a murder in remotest Scotland. The victim is a cad and no loss to society. In fact, his murderer goes unapprehended. Gently—his own narrator—tells us this much from the start, thus diminishing the suspense slightly; but we read on, nevertheless, drawn by the author's engaging talent for presenting enjoyable human beings. Gently himself remains amiable, without the smugness that so many successful detectives (at least in fiction) seem to develop as an occupational disease. In his journey north, he reveals an amazing capacity for casually consuming quantities of whisky with no ill-effect on the unravel*ling of the crime.*

A Big Wind for Summer, by Gavin Black. Collins, £2.65, 224 pages

This time Mr. Black's Paul Harris—that canny businessman *who has knack for getting him*self into and out of trouble—has travelled from his usual Far East to the Isle of Arran, just as rich in knavery as Singapore or Hong Kong. There is rather a lot of lush description of nature, but it is perhaps justified. Nature, in the form of a furious hurricane, plays an important, *conclusive role in the story.* This concerns an elaborate art swindle, with its victim a grim, but appealing old lady, widow of a British Resident. Not a memorable performance perhaps, compared to Mr. Black's best, but an easy and enjoyable book.

A Wave of Fatalities, by Michael Delving. Collins, £2.30, 192 pages

The wave is, in fact, the "bore," a tidal phenomenon to be observed (and, in this reader's opinion, avoided) on the Severn. Mr. Delving's hero, the American bookseller Dave Cannon, is invited to indulge in a sort of surfing on the wave. The excursion ends with the discovery of a body. The victim is a thoroughly unpleasant old man any number of people (some of *them also pretty disagreeable*) might have wanted to do in. As usual, with Mr. Delving's excellent series, the writing is con*cise and stylish*. A small, enclosed community is dissected with bemused grace.

A Show of Violence, by Sara Woods. Macmillan, £2.25, 158 pages

Antony Maitland, Q.C., is a specialist—as Sara Woods' readers will already know—in defending apparently lost causes. This time the defendant is a thirteen-year-old boy who has apparently killed brutally an eccentric old religious nut who had taken *him in* and given him a home. The boy refuses to talk, even to reveal his real name, and all the evidence is against him. *But with a convincing mix*ture of intuition and gentle persuasion, Maitland finally arrives at the truth. And, of course, saves the boy's life (though, one would think, he would need considerable psychiatric treatment in the future).

The Marketing Scene

ASA CONTROLS

Those who lapsed

BY ANTONY THORNCROFT

FOR OVER three months now the Advertising Standards Authority has been advertising in the press, encouraging members of the public to send it any justifiable criticisms of the advertisements they see. The campaign has certainly managed to step up the number of complaints, 1,400 to date, giving the enlarged ASA workforce something to investigate.

Even so the 148 cases looked into during May and June do not represent too sharp an increase on the days when the ASA worked in comparative obscurity. As usual the majority, 96 in all, of the complaints concerned mail order cases. Of the remaining 52, 11 were concerned with pricing and six with matters of sex and decency. Twenty-three of the 52 complaints were upheld.

A few examples illustrate how the watch-dogs work and how careful advertisers need to be. Austin-Morris was criticised for the claim, from agency Murray-Parry, that any of its show rooms would accept a foreign car as a trade-in. Some dealers were reluctant to do so in practice and the claim will not be repeated. Then British Relay (and agency Omnific) were taken to task for quoting same day delivery in an advertisement when they did not always manage it.

Another complaint upheld concerned a claim by Johnson Klear Floor Shine in a trade Press advertisement that its nationwide TV campaign would be seen at least 15 times by every housewife. Benton and Bowles was found guilty of imprecise language here.

The Nationwide Building Society was reproved for its claim "take out what you like when you like," and Philips (agency Waseys) was asked to stop the advertisement stating that Philishave gave a closer shave based on asking men to shave on arrival at Waterloo Station—the trouble was that there was no true comparison with other brands, and nine members of the public were moved enough to complain.

On the other hand advertisements for Bacardi, Canadian Club Whisky, Clan Dew, the film Emmanuelle, Datsun, and the Solid Fuel Advisory Board were among the majority of complaints not upheld by the ASA

Sad facts of 1974

BY PAMELA JUDGE

SPENDING ON advertising in the U.K. rose by £26m. last year to reach £900m., a rise of 3 per cent. on the £874m. of 1973. It is a low increase when set against 20 per cent. rises in 1972 and 1973, and if taken at 1970 prices it shows a fall to £667m. compared with £708m. in 1973.

As the article in Advertising Quarterly, which accompanies the figures, points out the increases in 1972 and 1973 were, in money terms, the highest ever recorded. They brought advertising's proportion of consumer expenditure up to 1.95 per cent. in 1973, the highest since 1960; in 1974 this fell back to 1.76 per cent., the second lowest since 1960.

Spending in the Press last year amounted to £649m. (72.1 per cent. of the total), on TV it was £203m. (22.6 per cent.), posters and transport accounted for £34m., cinema £8m., and radio £6m.

The 1974 figures are used in an educational film premiered by the Advertising Association in London yesterday. Called "Advertising in Perspective" the first half of the film is based on the £2.25p booklet of the same name which in turn is based on the presentation made late last year by the industry to Mrs. Shirley Williams, Secretary of State for Prices, and Mr. John Methven, the Director General of Fair Trading.

The 50-minute film is designed for use in management training courses, conferences, business schools and, indeed, by any group which might wish to be informed of the case for advertising. To hire it costs £5 plus VAT and it will be available in 16 mm or in cassettes.

The second half is devoted to a panel session conducted by Llew Gardner who puts all the points against advertising that have ever been heard. It was filmed live and carries conviction—there is a fine evangelical fervour from Anne Burdus, solid commercial reaction from John Beasley, and publishing sense from George Bogle. Bogle does the hard statistics presentation and also takes a trip round town to point out that advertising does not just consist of display spaces.

● JOHN HOBSON is relinquishing the chairmanship of the Advertising Association after four years of service. He is being succeeded from October 1 by Angus Ross, president of OBM.

● TESCO has chosen KMP to handle a £400,000 advertising campaign this autumn for its Home 'n' Ware chain of stores. The advertising for its food shops remains with Brunnings.

The Government's campaign to sell the anti-inflation measures turns

Advertising into propaganda

BY TONY DAKIN

IN WHAT could prove to be the biggest propaganda campaign for nearly 30 years, admen are being called in to help explain to the public just how serious Britain's current financial situation really is: a subject on which the Government hasn't had as much success as it would have liked. Despite umpteen television appearances and press conferences by senior Cabinet Ministers the great mass of the pipulation is still blissfully unaware of how inflation, if it is allowed to continue at its present rate, will affect their lives. The reason? Either politicians aren't believed any longer or the debate on inflation has been way above most people's heads.

The admen are being asked to help because of their skill in making complicated matters sound simple. Also because of their experience in repeating the same message over and over again to millions of people without boring the pants off them. The campaign—it is being masterminded by the recently launched Counter Inflation Unit—will probably involve practically everything from door-to-door leaflets and car stickers to television commercials. Three advertising agencies have already been asked to present ideas on the campaign. They are Ogilvy Benson Mather; Collet Dickenson Pearce; and Boase Massimi.

The two men heading the Unit—journalists Geoffrey Goodman and Charles Birdsall—are being very cagey about the new Unit's plans. With so much at stake they don't want it to go off at half cock. But when I spoke to them they did at least admit to having studied in detail the propaganda campaign mounted by the 1947 Chancellor of the Exchequer, Stafford Cripps, when the objective was to get our balance of payments back into the black and to bridge the yawning dollar gap at the same time.

Cripps

Cripps used a wide range of publicity techniques to explain to people how serious the problems were and to stress that everyone had to make sacrifices to help put Britain on its feet again. Weekly press conferences chaired by various key Cabinet Ministers; posters and press advertisements not altogether different from those used to drum up recruits during the War; a joint campaign organised by the old Federation of British Industries, the TUC and the British Institute of Management aimed at setting, and then beating, production targets in 12,000 factories; economic broadsheets showing what financial state the country was in; talks given by top businessmen and trade unionists to women's organisations throughout the U.K., and regular exhibitions showing to the public the sort of British products that were being successfully sold in overseas countries. According to one ad-man who has spent a lot of his spare time advising ministers on how best to project their personalities and their policies, it was a perfect mixtures of shock tactics and confidence-building.

Some recent propaganda advertising—for family planning in the U.K. and against the Vietnam War in the U.S.

As to what techniques will be used in 1975 to solve a basically similar problem to that which faced Cripps, much will depend on how the Government interprets the present mood of the country.

The climate of opinion is certainly more favourable than it was when the Unit was first mooted by Harold Wilson and Denis Healey.

If there really is, as the Chancellor says there is, a tidal wave of common sense sweeping the country, then the problem facing the two journalists and the ad-man they help to recruit, is to see that it keeps going.

But for their part ad-men don't go on gut feelings any more. Especially when there is so much at stake. If they have a real say in the programme the first thing they will want to get established is whether or not the Chancellor has gauged the public's mood accurately: whether it is genuine or whether it is due to the fact that people are generally more agreeable during the hot summer months. Come the autumn and the bills start to pour in it could be a different story.

But even if the new unit assesses the mood accurately and then devises a campaign to match it, there is no guarantee that it will work. The Clunk Click safety belt campaign is a classic example of memorable propaganda-type advertising, a big budget and very little effect. Indeed, because the British don't react as well to propaganda as do some other nationalities, there are precious few examples of really successful campaigns.

The work of Britain's Health Education Council is one of the exceptions. Recently, with an advertising budget not much more than £150,000 the Council successfully highlighted the problem of smoking among pregnant women and managed to reduce it by 10 per cent. It has been done by ads (posters in particular) warning of the dangers of smoking on the health of unborn children, by enlisting the support of midwives, doctors and nurses and by documenting all the relevant information.

One piece of advice to the new Unit from Council director, Alistair Mackie, is to forget extremists. "You can try to persuade totally-addicted smokers to give up the habit until you are blue in the face and they will still be smoking their regulation 20, 30 or 40 a day," says Mackie. "The only way a campaign of this sort can be successful on a limited budget is to direct its entire creative appeal at the masses."

Two other propaganda campaigns the new Unit has been studying are energy conservation and the pro-EEC Referendum. The first is of particular interest because it has several things in common with anti-inflation. Whereas we have all come to accept fatter and fatter pay cheques as our right, so we have grown used to never-ending energy supplies. The Ministry of Energy now has the job of convincing us that not only is energy expensive but that it is in increasingly short supply, too. There are similar balance-of-payments arguments. By using more energy than we need we increase imports of oil: similarly increased wages simply make British goods less competitive overseas.

Television

The campaign urging Britain's continued membership of the European Community also has certain similarities. Initial research, for instance, showed that the people the Organisation needed to convince most of all were the C2s and the Ds. Mainly for this reason television commercials were shot showing nose-to-nose confrontations with the electorate: on the doorstep, in the street, by the factory gate and even in working men's clubs. At the same time the Organisation's Dove symbol along with the "Keep Britain in Europe" slogan were printed on T-shirts, lapel badges and car stickers. The result? A massive "Yes" vote in areas where previously there had been a lot of scepticism about the advantages of remaining in Europe: in Northern Ireland, in Scotland and in Wales.

The strategy of the campaign apart, the one big question mark hanging over the anti-inflation unit is whether it will be given a large enough budget to do the job properly. A figure of £2m. has been mentioned (but not confirmed), which is only fractionally over one-half of what the Department of Energy is spending on trying to persuade us to switch off the odd 100-watt bulb.

There are several top executives at the Central Office of Information—the body ultimately responsible for all Government advertising—who think that advertising campaigns in the national interest should be charged at a lower media rate than other advertisers: and that the newspapers, television companies and poster contractors should stand the loss. In view of its importance and the miserly budget being considered they might start pushing their cause before the anti-inflation campaign gets under way. But that's another kind of propaganda.

TV spots for £50

BY ANTONY THORNCROFT

MOST advertisers would immediately look for the catch if they were offered sixty plugs for their product a day on television for seven days a week at a cost of just £50. Yet that is the kind of rate card now being sold by Carricke Communications for Sheffield Cablevision. If there is a catch it is that this community television service only has 31,000 subscribers.

From September 1 two of the three remaining experimental cable television operations in the U.K. will take advertisements in an effort to improve their financial situation. The move has Home Office approval, and is a natural attempt to bolster an enterprise which shows distinct signs of flagging. Already two of the original five community television stations, at Bristol and Wellingborough, have given up, leaving Sheffield, Greenwich and Swindon to pioneer. Swindon, owned by EMI, is eschewing advertisements. Sheffield and Greenwich are not.

Carricke is handling the selling for both stations. The basic offer is 52 spots at any time during a year for £2,000 in Sheffield. Greenwich, with only 12,000 subscribers, is always half the cost. A single 30 second spot is £50 in Sheffield. These will go out during the programmes, which are transmitted for up to 20 hours a week. But in between the programmes there will be a constant Shop Window, a 15-minute repeating programme of advertisements, and here you get your 60 exposures a day for £50 a week—cheap if you believe that the citizens of Sheffield and Greenwich will prefer to watch local shop offers rather than the BBC and ITV channels.

What may well interest advertisers more than the audience for cable television is its opportunities for advertisement and product testing. It is possible for Sheffield Cablevision, which is owned by British Relay, to ensure that certain commercials can be seen in half its homes only while the remainder gets the standard version. This creates the advertising laboratory situation developed in the U.S. where new advertising concepts, or new products, can be exposed to a small test market very cheaply. By assessing sales in the neighbourhood shops with the normal level ideas can be developed or abandoned.

The cable television stations have another four years to prove themselves. By allowing them to accept advertising the Government presumably wishes them well. Carricke aims to go for both local and national advertisers and envisages a revenue of £100,000 in the first year from Sheffield alone. This may be optimistic but cable television is not going to disappear, even though its general acceptance undermines the entire current structure of commercial television in the U.K.

ITV revenue up £10m

THE ITV advertising revenue rose by 14.5 per cent. in the first half of the year, compared with 1974. The net take was nearly £77.5m, as against £67.6m. This compares, however, with a first quarter gain of 19.4 per cent.

Perhaps of more interest is the moving annual total, which shows that in the 12 months ending June, revenue was 5 per cent. up. Since this includes seven months to January when advertising revenue was below the previous year, the achievement of the companies in recent months is quite encouraging. July too, should end up 10 per cent. higher than a year previously, and August does not look too bad.

Even so the increase fails to keep pace with higher costs. It just ensures that the contractors remain in business. Bookings are still coming in at the last minute—40 per cent. in the ten days before transmission for Thames, which takes 1,000 transactions a week now as against 500 a year ago. Not surprisingly certain regions offer an early booking discount, and are getting in cash a bit faster as a result.

Although the price of TV time is really dependent on demand the ITV companies are likely to put in for, and get, a 10-12½ per cent. rise in their rate cards in the autumn. Whether this will further improve their revenue waits on events, but there is perhaps a touch of more optimism than a few months ago.

According to MEAL, display advertising, at rate card costs, rose by 17 per cent. in the first half of the year, with television up 22 per cent. and the Press 11 per cent. The discrepancy between rate card and the actual net revenue figures of the ITV companies is accounted for by the profusion of discount deals available, which became even more apparent in June, as ITV attempted to win back the revenue lost during the technicians' dispute in May.

A.T.

Tough for News

BY DON BECKETT, MEDIA BUSINESS

THIS week is the 12th in the short life of the Scottish Daily News, the Glasgow paper produced by a workers' co-operative and backed by over £1m. of Government money. It is also the week when goodwill for the infant publication has taken a more positive form with a special London meeting between the Media Circle's executive committee and the advertisement manager Jimmy Galt. But the Daily News requires far more than considered advice from the Media Circle. Like any other newspaper, it requires healthy advertisement revenue if it is to survive.

Now, thanks to a special MEAL report, it is possible to see how much display advertising the News carried during its first two months (May and June), and how the entry of this newcomer to the Scottish newspaper scene affected the fortunes of the established Glasgow and Edinburgh dailies. And, whether judged in terms of space carried, or ad. revenue earned, the Scottish Daily News has not (so far) achieved the objectives it set itself.

Those objectives were said to include a daily sale of 250,000 (at 6p), 16-page issues, and around 45 per cent. of total revenue from advertising. Even the most generous estimates of circulation suggest a figure nearer 200,000, and at this level (gross) daily sales revenue cannot exceed £12,000. Advertisement revenue (again gross) appears to be running at about £2,000 per day, or only 14 per cent. of total revenue, a long way off that 45 per cent. objective.

DISPLAY ADVERTISEMENT REVENUE ESTIMATES

	May 1975 £000	May 1975 Share %	June 1975 £000	June 1975 Share %
Scottish Daily News	68	9.5	47	7.5
Daily Record	195	27.1	164	26.1
Scottish Daily Express	47	6.5	45	7.2
Glasgow Herald	86	12.0	75	11.9
The Scotsman	92	12.8	80	12.7
Evening Times	115	16.0	103	16.4
Evening News	116	16.1	114	18.1
TOTALS	719	100	628	100

Source: MEAL

MEAL's day-by-day and ad-by-ad study of Central Scotland's daily newspaper scene shows that there was no improvement for the Daily News in June compared with May. The table shows display ad. revenue for the Scottish Daily News and for its six principal daily competitors. Whereas the Daily News achieved a 9.5 per cent. share of that market in May, this was down to 7.5 per cent. in June. And although the total market fell by 13 per cent. over the two months the Daily News, with a fall in volume of 31 per cent., lost far more relatively than any of its rivals.

There is one consolation for the members of the country's newspaper publishing co-operative. It did take almost 10 per cent. of display revenue in its marketplace during the first month. And even in the second month it still seemed to be doing a little better than the Scottish Daily Express whose cessation of Glasgow printing brought about the Daily News in the first place.

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(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

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THURSDAY, JULY 24, 1975

Bring out the reserves

WHATEVER the tactical gyrations performed at Westminster around the Government's proposals about pay restraint, the point of principle involved in the question of reserve powers to make the £6 maximum legally binding on employers cannot be allowed now to be forgotten. It is not difficult, of course, to see the practical advantages of its present course which the Government has found decisive. It cannot be taken for granted in the light of recent experience—one certainly cannot expect foreign holders of sterling to take it for granted—that a purely voluntary programme of wage restraint will be sufficiently effective. On the other hand, the Labour Party has constantly criticised statutory wage restraint and there are a sizeable number of Labour supporters who would find statutory controls of any kind intolerable.

The Government has therefore compromised for the time being on a not altogether credible hybrid between voluntary and statutory restraint. It proposes for the time being to rely on voluntary restraint, reinforced by a more effective policy in the public sector and manipulation of the Price Code in the private. If, however, its hand is forced by circumstances, it will introduce new legislation which will make it actually illegal for employers to exceed the £6 limit and will lay down appropriate penalties.

Martyrdom

Until quite recently, it was commonly assumed that the reserve powers Bill would either be brought forward with the other legislation needed to enforce the new policy or at least published together with it for consideration and criticism. Now, however, the Bill is itself to be kept in reserve until it is needed, and many Ministers no doubt hope that this need will not arise. The Chancellor has admitted that there are a number of points of drafting still under consideration, and that one of these is to find a way (if indeed any way can be found) of preventing those trade union leaders who would gladly go to prison in defiance of wage restraint from indulging their taste for martyrdom. But a Bill of some sort undoubtedly exists, since the Chancellor was able to give its four main points to the House on Monday. These are first, that the Government would be given legal powers enforceable against individual employers who exceeded the £6 limit; secondly that there would be provision to protect employees against prosecution for conspiracy and *a fortiori* no reserve criminal sanctions against employees; thirdly, that there would be compulsory notification of all wage settlements; and fourthly that the Government would be enabled to reduce to the White Paper level any pay settlement made after August 1.

The practical advantages of not publishing the Bill are clear to the Government at least. Employers, as yesterday's statement from the CBI shows, will be well aware of the fact that there are also practical disadvantages involved in this procedure.

Not retroactive

First, there are certain to be a number of ambiguous cases which now stand to be decided by administrative fiat rather than by the Courts. Secondly, large firms will plainly be under greater pressure to observe the policy than small while there is no provision for compulsory notification of wage increases. Thirdly, employers—who will, in any case, lack any protection without the reserve powers legislation against employees who take industrial action in support of a claim for more than £6—are threatened in addition with a further penalty of an unspecified nature.

But the Government has at least provided that there will be no retrospective penalties. It should now complete its drafting as soon as possible and publish.

President Sadat's brinkmanship

PRESIDENT SADAT was playing with fire, even if sense has prevailed in the end. It now appears that the mandate for the UN troops in Sinai, which expires tonight, will be renewed for a further three months. President Sadat had threatened to end it and, in the process, brought the Middle East back to the brink of crisis.

Too far

It may be said that the threat was tactical and that there was never any question of carrying it out. It may also be argued that the Egyptians were provoked by the foolish remark of the Israeli Prime Minister, Mr. Rabin, that a second interim agreement with Cairo might be weeks, months, or even a year away at a time when everybody knew the negotiations were already in the critical stage. But the danger in the Middle East has always been miscalculation, and the danger of brinkmanship that sooner or later one side or the other will go too far. President Sadat brought those dangers very close in the past few days.

Of course, an Egyptian President must play to several audiences—to domestic opinion, to the rest of the Arab world, especially the Syrians, to the Israelis and to the U.S. No doubt that was what President Sadat was doing: playing it tough and seeking to persuade the Americans and the U.N. to put more pressure on Israel, while quietly determined that the search for a settlement will go on. Yet it is doubtful how far the Israelis are susceptible to pressure applied in public. Indeed all the signs are that this is one of the tactics they most resent, whether the pressure comes from the U.S. Administration, the European Community, or from Israel. It makes it harder for an Israeli Government to make concessions—Mr. Rabin's statement last night was an indication of this—because of the fear that it will appear to domestic opinion and to the Knesset to be acting under duress. In this sense, President Sadat's brinkmanship may yet prove counter-productive.

The trouble now is that both sides have gone so far out of their way to show their toughness that a settlement may be more difficult. It would be better if they could concentrate their minds on the long term reasons why a settlement is desirable and on what they both have to gain from it. A new war, either as a result of miscalculation or of a breakdown in the negotiations, would benefit neither. Egypt is in a desperate economic position, lacking even the arms to put up a decent fight. Israel would probably win, as in 1967, but to what end? Only to relieve the Arab pressures for another year or two, to incur further international isolation and the obligation to go on spending about half the GNP on defence in preparation for the next round. In the long run, the economy could not stand it and, as recent months have shown, even the assurance of the desired American arms supplies can no longer be taken for granted.

Nasserism

President Sadat has indulged in a dangerous fit of Nasserism, but taken all in all he has shown himself a man with whom it is possible to negotiate. The transformation of Egyptian policy under his leadership has been remarkable — the break with the Soviet Union, the greater personal freedom and the attempted liberalisation of the economy. The message now to the Israelis and to the Americans must be to go on trying. There is a new deadline since the mandate for the UN forces will come up again in three months' time. But if both sides concentrate on fundamentals the negotiations are far enough advanced for that to be time enough. The message to President Sadat, which should be given quietly but firmly by President Ford, is that he risked wrecking the whole edifice.

Guidelines on synthetic tobacco were published yesterday. Sandy McLachlan and David Fishlock report

Placing on the manufacturer the onus for safer smoking

THE Hunter Committee guidelines on the use of synthetic tobacco in cigarettes, published yesterday, make one point absolutely clear. The Committee states quite unequivocally on the first page of its report: "The responsibility for marketing a product and for the health consequences rests with the manufacturers."

This removes at least one vexed question from the debate which surrounds the whole idea of making cigarette smoking "safer." When the Hunter Committee was set up some two years ago the tobacco industry hoped that the final outcome would be a set of rules which, if strictly adhered to, would put the onus for any health problems arising from the use of substitutes firmly on to the Department of Health. Now, clearly, this is not to be.

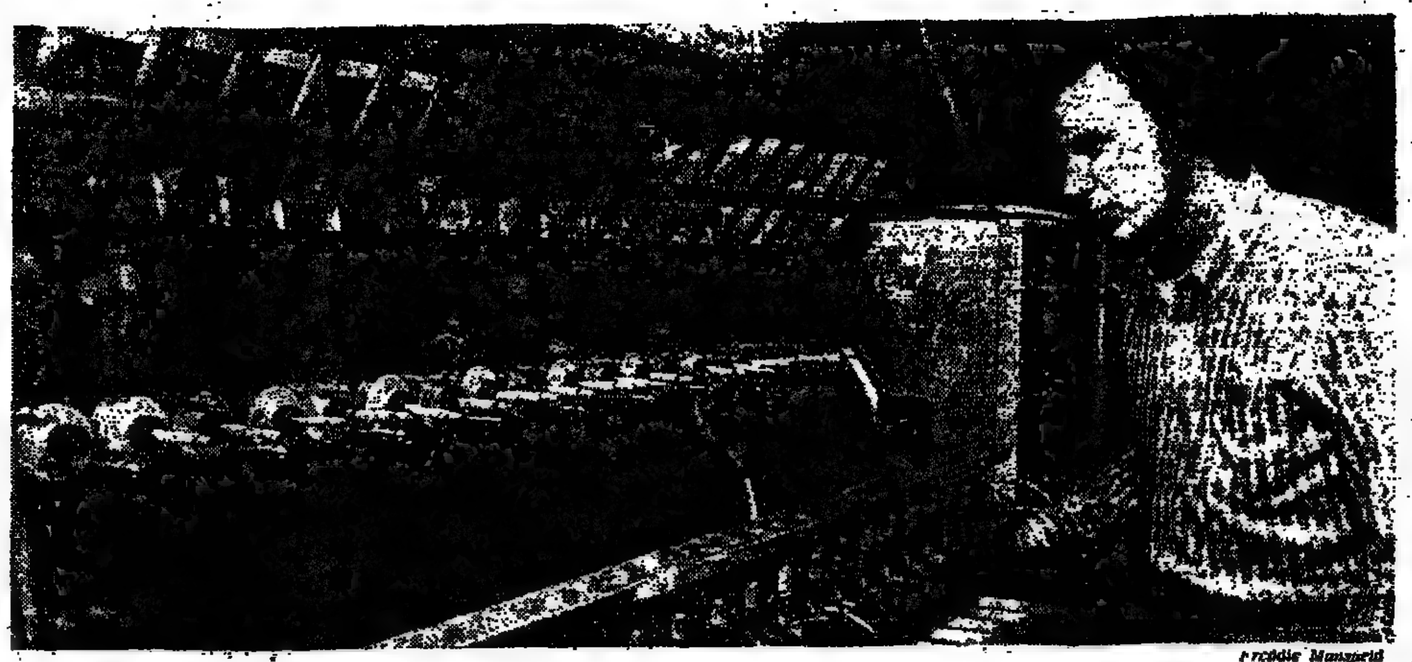
But if the companies involved in synthetic tobacco research are to be left with the responsibility for any mishaps, the Hunter Committee has set down stringent tests to ensure as far as is humanly possible that no such mishaps will occur. It makes quite clear its view that, because so many people smoke, even small risks can lead to large numbers of people suffering injury, and therefore every possible risk should be eliminated.

Three companies are most involved in the production of synthetic tobacco. In the U.K. Imperial Tobacco has linked with ICI to develop a product called NSM (new smoking material), while Courtaulds used its cellulose technology to go it alone and produce its own substitute. In the U.S. the chemical/textile giant, Celanese Corporation, has developed another product, Cytrel, and has already contracted to supply both Carreras, Rothmans and Gallahers in marketable quantities.

Three stage process

Courtaulds gets an implied rap on the knuckles in the Hunter report for marketing its substitute to the public round the Coventry area in a cigarette called Planet. But this test marketing exercise was halted within three weeks—after the Committee had intimated to the company that it was not satisfied that tests had been completed. Otherwise the Committee pays tribute to the industry for co-operation.

The industry, too, is likely to be well satisfied with the Hunter guidelines. Although stringent, they have been set out in such a way that research done prior to the Hunter Committee's being set up is to be allowed as evidence: had Hunter decided to establish a whole new set of principles millions of pounds and years of research would have been wasted.



Puffing Billy in the laboratory of the Government Chemist.

Freddie Mansfield

Indeed it appears that, while the Committee has formed its own views in terms of the tests required before smokers should be exposed to cigarettes containing substitute materials, it has been content to adopt the methodology of testing pioneered by the companies researching the possibility of reducing the toxic elements in cigarettes. This first report (and it is made quite clear that this is only a first report, with others to follow) lays down a three stage process which has to be gone through before a synthetic tobacco can go on sale to the general public, but the extensive data required at each stage is more or less the same as Imperial Tobacco, for example, is turning up in its own research.

Because the bulk of the report is dealing with chemical tests it is pretty technical, but the introductory part makes it quite clear that U.K. practice on the use of synthetics is going to be tougher than in other parts of Europe. To quote the report again: "Germany and Switzerland have already allowed the marketing of cigarettes containing tobacco substitutes: we understand that tests have been carried out on these products but it is not yet clear to us that they meet our criteria."

Even to get to the stage where the Committee will say that it has no objection to a product being placed on the market, the company must successfully circumvent two of the three protracted stages of testing. Moreover, the guidelines stipulate that no substitute tobacco should be smoked by humans until stage one has been concluded to the committee's satisfaction.

This first stage consists of assays of the "smoke chemistry" of products under the combustion conditions experienced during normal smoking, along with acute studies on rats and monkeys, lasting at least six weeks. For the smoke chemistry, the guidelines specify the use of a specific type of "smoking machine" of the kind used by the Government Chemist in preparing the "league table" of tar and nicotine content for cigarette brands.

Automatic analysis

"Puffing Billy," as the Government Chemist's smoking machine is nicknamed, has been so designed that its "puff profile" is carefully standardised to a pattern agreed between the Government's scientific advisers and the tobacco companies. The machine extracts from each cigarette the substances vaporised when tobacco is burnt in a stream of air, for automatic analysis. The same machine is already being used by the companies pursuing substitute tobaccos.

The guidelines specify 16 distinct toxic substances for assay, including (inevitably) tar and nicotine, but also carbon monoxide, hydrogen cyanide (prussic acid), phenols and toxic metals. Mostly, the techniques specified have already been worked out by the Tobacco Research Council.

No one knows at this stage how significant minute traces—say, 1 part per million or less in mainstream smoke—of such substances as hydrogen sulphide might be, in terms of harm to the smoker. But figures published in the British Medical Journal a few days ago indicate that Planet, the substitute-tobacco cigarette developed by Courtaulds, has a higher carbon monoxide content in its mainstream smoke than any natural tobacco product.

Two types of compound for which the Hunter Committee admits there are still difficulties in assay are polycyclic aromatic hydrocarbons and nitrosamines, both of which have attracted great interest as possible carcinogens in food. Here the guidelines go no further than indicating "general procedures that investigators have found to be useful," but ask manufacturers for any further experience they themselves may have to offer.

Stage 1 also includes acute studies on small animals for at least six weeks, in which rats and monkeys—six of each for each test—are exposed periodically to smoke from the substitute tobacco, in approved apparatus. The tests involve measuring their respiratory function, followed by a full pathological examination with special attention paid to any changes that may have occurred in the respiratory tract.

No reference is made in the Hunter Committee's report to the highly emotional matter of using dogs—and specifically beagles—for these tests. In fact, it is unlikely at this stage that the industry will abandon its use of the beagle as an experimental animal in smoking tests. The reason is simply that it was the first animal in which research workers succeeded in producing lung cancer through smoking, and is still the only animal model available of this supremely important consequence of cigarette smoking.

If stage I is successfully cleared, the company can move into stage II, consisting of short-term studies on humans to test the irritancy of smoke. If the company wishes, the guidelines also permit at this stage "strictly limited" consumer acceptability tests. As the report points out, although it is unlikely to prove a problem in practice, it is at least theoretically possible that smoke from a new product will contain a constituent to which some people are sensitive in an immunological sense, and this would not be picked up in the animal studies required for either stage I or stage III.

The short-term clinical studies are restricted to men; and the "dose" is also restricted to a maximum of 40 a day. The guidelines stipulate, too, that they should be carried out by "research teams with proven clinical experience in this field." While they leave the choice of respiratory tests to these experts, they make it clear that tests of respiratory function will be required, together with tests on the heart and blood supply system, on the frequency of coughing, and on the uptake of carbon monoxide by the blood.

As for consumer acceptability tests, they want the companies to collect medical evidence from their "experimental animals" on such matters as coughing, sore throats and sputum.

Product launch

Once the Hunter Committee has given its blessing to the evidence arising from stage II testing, the company is free to launch its product. This implies a relaxation from earlier suggestions that there should follow a period of test-marketing. But lest anyone should be beguiled into thinking that this greatly simplifies the companies' problems, there is the experience of Imperial Developments, the joint Imps-ICI venture, which reckons that it has already spent about £4.5m. on research, development and toxicity testing of its "new smoking material," and will not complete stage II testing until sometime next year.

Even when the product has reached the market, however, the Hunter Committee will still demand longer-term and more wide-ranging studies. The medical authorities are acutely conscious that it took something like 40 years of increasing cigarette smoking before the connection between smoking and certain diseases such as bronchitis and lung cancer was clearly established.

Three types of long-term toxicity test are specified: One is the test for cancer, in which the tarry component of tobacco smoke is painted upon the skin of rodents, in tests lasting for at least two years. Another will seek to establish whether the substitute tobaccos can harm an unborn baby, if smoked by the mother, by studies on rats or hamsters.

The third type of long-term study will surely resurrect all the arguments about beagles. These are studies involving the inhalation of smoke over long periods, and the Hunter Committee requires evidence from two different experimental animals, of which the rat can be one. As for the other, the committee contents itself with saying "the choice of a second species should be discussed with the chief scientific adviser to the committee."

Question of additives

Although tobacco substitutes are the main target for the Hunter Committee's investigation, the report also looks at the question of additives to cigarettes. Until the 1970 Finance Act these were prohibited in the U.K. largely for revenue reasons, and even now Customs and Excise permission is required before cigarettes containing flavourings etc. can be sold in this country.

So far there has been no successful application to C and E, largely because the U.K. tobacco companies do not want to encourage competition from outside and so have not made any applications. Now however Hunter is suggesting yet another step before permission can be obtained. Under the proposed guidelines on additives, companies will have to get clearance from the Hunter Committee before any tobacco containing additives can be marketed, in addition to the necessary go-ahead from Customs and Excise.

But substitutes remain the central issue, and because of the close liaison between the Hunter Committee and the tobacco companies the guidelines are not likely to delay the introduction of cigarettes containing cellulose-based tobacco substitutes. Of the U.K. companies involved in this area, Imperial Developments is the farthest advanced, and it still hopes that cigarettes containing NSM will be given Hunter Committee clearance and placed on sale to the general public before the end of 1976.

MEN AND MATTERS

Maserati realities

Perhaps only in Italy could Communists and entrepreneurs work happily together in the luxury motoring business. The fortunes of the famous Maserati company could be bound up in such a relationship with the appearance of Alessandro de Tomaso as a possible buyer for the company.

The Communists, fresh from their recent electoral successes, espouse firm support for small and medium capitalist enterprises headed with initiative by such as de Tomaso, recently seen at economic conferences organised by the party and an industrialist who says he respects the Communists' grasp of realities.

Control of Maserati was bought in 1969 by the French Citroen group. This followed the decision to power Citroen's SM luxury range with Maserati engines. But the market for the SM and Maserati's own cars (capacity at the Modena factory was ten cars and 120 engines a month) has become increasingly difficult. In May, Maserati shareholders decided to put the company into liquidation. Now negotiations are on with de Tomaso, with the price apparently already revised down from L8bn. (£5.6m.) to L6bn.; the prospective purchaser seems to be talking of L4bn.

Born in Argentina, de Tomaso arrived in Italy in the entourage of renowned racing driver and compatriot Manuel Fangio. His first move into business came with the 1967 takeover of an ailing automobile styling company called Ghia. De Tomaso revived the firm, selling out two years later to Ford (Henry Ford is numbered among his close friends).

De Tomaso moved on to Vignale, Turin-based, and another car stylist, then turned to Italy's creaking motor-cycle industry. Resisting Japanese efforts to set up an assembly plant in the south (quite a battle in view of the employment problems of the area), he eventually took full control of Benelli and Moto Guzzi from a grateful GEPI, the State holding company which tries to keep trouble-hit concerns going.

Maserati, with its base at Modena in the so-called "Red Belt," may be an interesting test in Communist influence. The company has had a workforce of some 800, but if de Tomaso agrees to buy he will want to slim that figure down to 500. The betting is that the party is ready to agree, though shop floor reaction may well be different.

What, no dogs?

Yesterday's Hunter Report on tobacco substitutes has a good deal about tests on animals ("rats and monkeys" and later "normally mice, rats and hamsters") but studiously avoids canine references. In fact, I gather they were in the draft report that circulated around the industry, but the recent outcry on behalf of smoking beagles produced a diplomatic final product.

Knight's turn

Pretty hard to find two top managers as dissimilar as Lord Kearton and the man who succeeds him, Sir Arthur Knight. This is the popular verdict, both inside and outside the group. The difference is that the insiders say Knight won't, and wouldn't want to change the flexible style of business practised by Courtaulds. Others say they cannot see how Knight can help but produce a rather more structured effect than Kearton.

The two came up together. When Knight first reached the Board in 1958 (Kearton had got there in 1952) the pair studied non-textile diversification—paint and packaging are among the ideas that survived. Then in 1961, by the ICI takeover battle time, Knight was finance director backing Kearton's famous fight. But since Kearton has a tremendous grasp of finance, it would be wrong to see Knight's role since mainly as the financial foil to Kearton's lofty ambitions for the group. His role as a deputy chairman has been a much broader administrative one.

Clear thinking—witness his book on private enterprise and public intervention—and a renowned worker, we will soon know if Knight also brings his own flair to leadership as Courtaulds comes into the final year of a £300m. investment programme and prays that a world upturn comes in time for it to pay off.

Tater trouble

The Belgian Government has been forced to take emergency action to counter a severe threat to its economic policies from the most unlikely of sources—the potato. The problem is the weight the potato has in the Belgian Cost-of-Living Index, where it is the sole representative for the entire fresh vegetable contingent. That Index triggers large pay rises.

Normally, the Index switches from the price of old potatoes to new ones on July 1, by which time new potatoes are in adequate supply. But this year, just when the Government was beginning a three-month period of relaxing price controls after a freeze in May and June, the new potato failed to arrive (we've had the same trouble in Britain). The result was that when the inspectors were sampling prices to compile the Index in mid-July it coincided with the arrival of the first very expensive new potatoes on the market.

This spelt real trouble for the Government, because the advent of new potatoes would alone be sufficient to ram the Price Index up by nearly 2.5 points in July after the price freeze had kept the rise down to just over half a point oer the previous month. Such a steep rise would automatically trigger two full threshold pay increases throughout the manufacturing and services sectors of Belgian industry and give new impetus to the spiral of the country's industrial costs.

At an extraordinary cabinet meeting, the Tindemans Government has decided to tackle the problem of the capricious tuber head-on. It will try to "neutralise" the potato so that the July Index will show an increase of around 0.55 points instead of the otherwise dizzy 2.46 points. It now awaits reaction to this initiative from the unions whose members would have gained handsomely, at least in the short term, from the unseasonal whims of the potato.

The Government is pointing out that, after all, there are still plenty of old potatoes around.

Inscrutable

Out East they don't take no for quite the whole answer. Consider the case of the Truong Xuan, a twice abandoned Vietnamese freighter which caused a stir when towed into Hong Kong because there were five different parties who might, it seemed, own it. One was Sime Darby and the *South China Morning Post* pursued the matter fearlessly:

"A spokesman for Sime Darby said that he could not make any further comment on the case of the Truong Xuan. He added that he could not comment on why he could make no comment."

Observer

ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

Public expenditure in a recession

"IF THE roads, the railways, the banks, the insurance offices, the great joint-stock companies, the universities, and the public charities, were all of them branches of the government; if, in addition, the municipal corporations and local boards, with all that now devolves on them, became departments of the central administration; if the employees of all these different enterprises were appointed and paid by the government, and looked to the government for every rise in life; not all the freedom of the press and popular constitution of the legislature would make this or any other country free otherwise than in name. And the evil would be greater, the more efficiently and scientifically the administrative machinery was constructed—the more skilful the arrangements for obtaining the best qualified hands and heads with which to work it." (John Stuart Mill *On Liberty*, 1859).

Outrageous

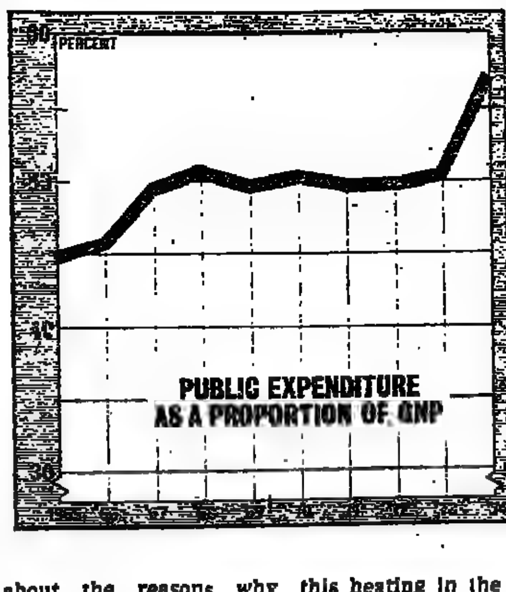
Advocates of cuts in public spending—or to be more precise, its rate of growth—risk being caught out by the catch-question, "Aren't a million, or a million and a half unemployed good enough for you, even if you think the crude figure exaggerated? Do you really want to cut public spending in a severe recession?"

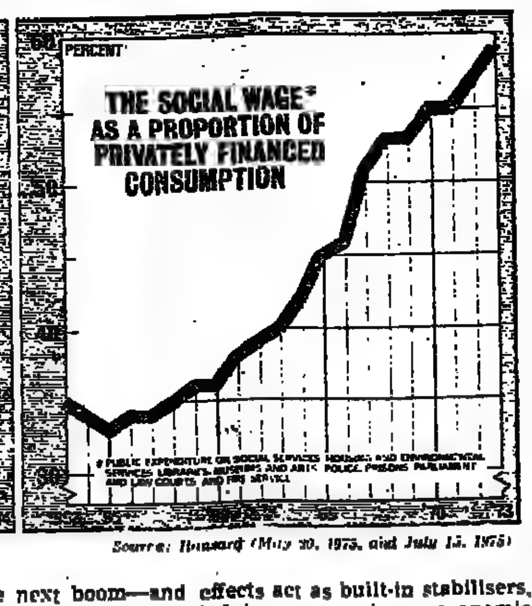
The main reason for curbing public spending has in fact nothing to do with the immediate state of the business cycle. As the charts show, too much of our spending is now done for us by governments, and conducted in a manner which pays scant regard to the preferences of individual citizens. No amount of elaborate cost-control machinery can be a substitute for the self-discipline exerted by the individual or company whose own resources are at stake.

It is for this reason that I have never opposed the public sector curbs towards which Mr. Denis Healey has been edging his way, or the demands for more put forward by the Opposition. The danger of public spending curbs aggravating the recession is extremely remote. The lag between the announcement of cuts and their taking effect on the ground is so long that the business cycle might well have turned by the time they do. But, if it has not, it would be the easiest thing in the world to balance public spending curbs by reductions in the growth of the tax burden. It is a sign of our irrationally masochistic mood that tax relief should seem so outrageous.

Likely to carry more weight than the free choice arguments against a bloated public sector is the fact that trade unionists do not recognise the social wage. At present tax and national insurance rates, it requires a 33 per cent. wage increase to offset a 25 per cent. price rise. This increases the unemployment cost of reducing the rate of inflation and the inflationary cost of attempting to maintain a given unemployment percentage.

But the question still remains: should we accept a public sector borrowing amounting to 9 per cent. of the GNP, whatever the level of public spending at which this deficit is struck. The postwar orthodoxy was that public spending should be cut, and/or taxes reduced, to spend our way out of a recession, irrespective of the size of the Budget deficit.





Source: Hansard (May 20, 1975, and July 13, 1975)

It is important to be rational about the reasons why this "Keynesian" view is now unfashionable, and not treat a balanced Budget as a fetish. The "balance of payments" is not a satisfactory reason for rejecting Budget deficits. If the current payments deficit is higher than can be prudently met by overseas borrowing, the right course is to let the exchange rate depreciate—not threaten the rest of the world with import controls as Mr. Healey seems to have been doing at least on one interpretation of his speech on the White Paper.

A freely floating rate does not commit one to a balanced Budget policy.

The first valid argument against deliberate deficit budgeting in a recession is the difficulty of "fine-tuning." The lags between diagnosis, decision and the final effects can be so long that public spending boosts, or tax cuts meant to alleviate a recession, increase the overheating in the next boom—and vice versa for Budget tightening when demand is too great. The Maudling stimulus of 1963 and the Heath-Barber stimulus of 1972 are classic examples, even though at the time they seemed to many people obvious common sense. At present the "wait for the world economic upturn" argument makes more sense, and is less dependent on forecasts, if regarded as an international version of the anti-fine-tuning argument.

The argument does not, however, itself establish the case for balancing the Budget at all times. Recessions automatically reduce Budget revenues, through their effect on taxable incomes, and (on a smaller scale) they increase some payments, notably unemployment benefit. It would be perverse (and "fine-tuning" in reverse) to increase taxes and cut public spending in a slump to make up for its automatic effects on revenue and expenditure. These effects act as built-in stabilisers, helping to cushion economic downturns, and automatically go into reverse on the upturn. A defect of non-indexed tax systems, during an era of long term inflation, is that the built-in stabilisers weaken or even become perverse.

A constructive compromise, which many economists outside the British establishment accepted for a long time, was that of the so-called "high employment" Budget balance. This involved calculating not actual revenues and expenditures, but what they would be at a constant level of employment and activity. The OECD estimates that the U.K. borrowing requirement would, on a "high employment" basis, be about £4-£5bn. compared with a likely £9-£10bn. figure on an unadjusted basis. In the U.S., where these adjustments have been worked out carefully for a long period, the Federal Reserve Bank of St. Louis estimates a "high employment" Budget surplus for 1975-76 of nearly $6bn. compared with an unadjusted deficit of nearly $52bn.

The "high employment" concept has a further notable advantage. It is probable that any effect of Budget deficits in stimulating the economy is temporary and wears off unless accompanied by an increase in the money supply. Monetary stimuli have an opposite time scale: they are initially minor, but build up strongly over, say, 18 months to three years. A Budget deficit due partly to the automatic effects of recession is relatively easy to finance outside the banking system, as both the personal and business sectors tend to have spare cash which they are ready to put into Government securities. Thus a policy of "high employment" balance allows fiscal policy to give such short-term stimulus as it can prudently give in a recession, while enabling the authorities, if they are careful, to avoid creating excess money which will stoke up future inflation.

All too easy

Unfortunately, many snags have developed in the notion of a high employment balance. The most important is that the level of employment which can be sustained without an accelerating inflation is liable to change unexpectedly. I discuss some of the more fundamental non-monetary influences on the unemployment rate in a paperback, *Second Thoughts on Full Employment Policy*, to be published by the Centre for Policy Studies this week-end. They include events, such as the oil price explosion, which increase the rate of structural change in industry; and influences, such as housing policies, which reduce mobility, the ratio of benefits to earnings, industrial training, the age and skill and regional structure of the population, and much else.

It is, therefore, all too easy to base the "high employment" correction on an unrealistic unemployment target. The effect of the St. Louis "high employment" adjustments in improving the apparent U.S. Budget out-turn in recession years has been much greater than in worsening it in boom years. The danger is not only that of misleading ourselves by cosmetics: it is that of setting off a runaway inflation by relying on faulty guidelines.

There is really only one safe guide in judging permissible Government borrowings: it should be on a scale, and financed in such a way, as to be compatible with a predetermined path for the money supply laid down in relation to inflation objectives.

Money supply guidelines would also be of great help in coping with many other conundrums. Should the £1½bn. to be spent on the acquisition of "financial assets," which does not add to spending directly, be regarded as having an expansionary or inflationary effect? Should exchanges of Government securities for shares in nationalisation operations count as adding to deficit finance? Such sums do not immediately add to demand like spending on roads or pensions; but they cannot be overlooked either. Is it safe to step up Government spending in the high unemployment areas, or to bring in the proposed temporary employment premium. One can argue the toss endlessly.

There are a few maxims which can be laid down, even when the basic theory is in a mess. Mr. Healey intends to cut 1 per cent. off the volume of public spending in 1976-77 and hold it constant up to 1978-79. To do this, some £2bn.-£3bn. will have to be cut off existing plans. This should be a firm minimum commitment. Cash spending should not be allowed to exceed these limits by more than the general rate of inflation: irrespective of what is happening to public sector pay and prices.

Tax plan

Additional short-term spending to alleviate unemployment should be accomplished within these guidelines. There should also be a published medium-term tax plan, designed to reduce the Budget deficit to whatever can be financed outside the banking system without imposing undue strain on interest rates. A rough calculation should be made—without dogmatism on unemployment rates—about the extra deficit imposed by recession: and this should be accepted, but financed without inflating the money supply—even if this means higher nominal interest rates.

General assent to the above propositions is not enough. The place for the Government to begin long term planning with publicised objectives is in its own financial backyard, even if this does mean giving hostages to fortune. Nevertheless pay and price controls represent in my view a bigger threat to personal choice and to commercial incentives than does public spending on the scale to which Mr. Healey is trying to reduce it: and so-called Conservative moderates have got the emphasis precisely the wrong way round.

Letters to the Editor

An exporter's dilemma

From Mr. V. English.

Sir,—Your valuable feature (July 21) on the process industries' export dilemma comes two weeks after the report that the Treasury has successfully resisted demands by British exporters for an extension of the escalation insurance scheme on the lines suggested at the end of your article.

You confirm that British companies are refusing fixed-price export contracts because they cannot afford the "open-ended risk" which ECGD will not cover. An example may help to demonstrate why. (The case is a typical one, but the figures are, for obvious reasons, illustrative only.)

An overseas Government-backed client insists on a lump-sum contract for a major process plant. The client will not accept escalation clauses (why should he underwrite an unpredictable rate of inflation?). He will, however, accept an overall price which includes the contractor's estimate of inflation, if that price is justified by the technology, and is reasonably competitive.

Those conditions have been met by the contractor and he could have the contract—but dare he take it? Its value is, say, £20m.; that price has to include not merely an estimate of U.K. equipment and wages cost escalation, but provision for all the other risks inherent in bidding for a contract to be executed thousands of miles away. Those risks are calculable by the contractor: *the rate of cost inflation is not*. If his estimate is wrong by as little as 6 per cent., that is, if he has estimated inflation at 20 per cent. and it turns out to be 30 per cent., his loss could effectively remove his company's *total* profit expectation for the year. No managing director can take such a risk if he is to act responsibly to his shareholders and employees.

Fortunately for the company, the alternative of equipment supply from Germany or Japan at fixed prices could be open, so that the contract need not be lost, but three-quarters of its value to the U.K. in export terms would be.

What does the contractor want in order to meet this sort of case? *Not* an export subsidy; *not* protection against the natural risks of his business, but insurance against what is incalculable, and uncontrollable by him. If the Government, via ECGD, were to introduce insurance against inflation above a certain base figure—say 20 per cent.—the contractor would know his responsibilities for cost escalation up to 20 per cent. and could incorporate whatever provisions he thought necessary.

If the Government is successful in its efforts to *control* inflation above selected base figures (and it alone has the power), it has the prospect of collecting all the insurance premia, *without paying out a penny*. Is it a measure of the Government's assessment of its chances that it is unwilling to take up such an attractive proposition?

V. B. English.
United Oxford and Cambridge University Club,
Pall Mall, W.1.

Exchange rates and inflation

From Mr W. Houlihan.

Sir,—Is it not now the time to admit that the regime of floating exchange rates has been a costly failure? The financial indiscipline which it has encouraged is amply illustrated by the way the present Government constructed its 1975-76 spending programme. Its view that the exchange rate of the currency could be allowed to depreciate, in order to reflect that inflation caused thereby, was implied by such action. Does anyone seriously suppose that the Government would have been allowed to budget for a deficit of £9bn.—in excess of 10 per cent. of the GNP—in the circumstances of fixed exchange rates?

Removal of the ultimate discipline of fixed parities and the revaluation of gold—though in the latter case owing to the near absence of gold reserves North Sea oil has been a good substitute—has been followed by a sharp acceleration in the rate of inflation. Maintenance of a currency's exchange value involves the discipline of avoiding a divergency of the domestic inflation rate from the external norm. Any divergence was bridged by the use of higher interest rates, the use of foreign currency reserves, and perhaps borrowing, with all its attendant terms. Under present circumstances foreign holders of sterling and domestic savers have been forced to pay a large part of the bill incurred.

Justification of floating exchange rates has been removed if the benefits attributed to it are weighed against the costs. Espousal of the regime by economists merely sells the pass to spendthrift politicians. Sound money policies are surely hard enough to achieve without the spanner of floating exchange-rates in the budgetary works.

W. J. Houlihan.
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Queens Road,
Kingston, Surrey.

Pensions as assets

From Mr. J. Talbot.

Sir,—The letters of Mr. Flemming and Mr. Dauris (July 18) prompt the question—What is the true nature of a pension? May I go back to the Report of the Committee on the Taxation Treatment of Provisions for Retirement (Cmd. 9063, February, 1954)? In paragraph 340, referring to a man in pensionable employment, the Committee wrote—". . . the aggregate amount of the remuneration paid for his work should be spread (albeit not evenly) over the whole period from the beginning of his employment until his death, or until the death of his widow and the emergence of his children from the dependent age. This appears to us to be the basic principle upon which all modern pension schemes are founded. . . ."

In paragraphs 352-355 the Committee stated that a similar principle should be applied to the self-employed, controlling directors, part-time directors and non-provided-for employees, subject to such modifications as the differing nature of the cases might require. This was, of course, the basis of the tax reliefs provided for those categories in the Finance Act 1956 (see now sections 226-229 of the Taxes Act 1970). I suggest that nothing that has happened since 1954 detracts from the validity of the basic principle then stated by the Committee.

If, therefore, a pension is simply that part of the total remuneration from the job which is deferred until after retirement, why should it be treated as an asset for purposes of any wealth tax? Presumably no one contends that the other part of the total remuneration—receivable during service in the job—should be so treated?

Similarly with the self-employed. If a man is sufficiently provident to apply up to 15 per cent. of his earnings to paying premiums under a retirement annuity policy, he is deferring part of his earned income so that he may enjoy it in his declining years. If the self-employed is at a disadvantage compared with the employee in pensionable employment (whether in the Civil Service, or in industry or elsewhere) the primary remedy surely is to increase the 15 per cent. limit on the contributions of the self-employed.

To apply any wealth tax to the retirement pensions of everyone concerned, that is, to their deferred earnings, would be to wield a very blunt instrument indeed. If any such individual elected on retirement to receive a proportion of his entitlement in the form of a lump sum, that sum or its invested product would obviously be an asset for purposes of any wealth tax. But his pension or retirement annuity itself would be deferred earnings, liable to income-tax as earned income, and should not be subject to any wealth tax as well.

Mr. Dauris appears to argue that the self-employed cannot both pay retirement annuity premiums and plough back sufficient funds to finance the growing needs of his business. Some of them, of course, do precisely that. But since there are others who do not find it possible, there should be relief of some kind, for example, by extension of the present temporary stock relief and of reliefs for capital expenditure, such as one may hope will follow from the pending report of the Sandilands Committee. The remedy certainly does not lie in imposing a wealth tax on the earnings of others.

J. E. Talbot.
Willow Corner, Enton Green,
Godalming, Surrey.

Inspecting ships

From The Chairman,
Lloyd's Register of Shipping

Sir,—Mr. Anthony Robinson (July 23) makes certain statements about flags of convenience under the heading of "The Fate of the Cargo Ship Seagull." In the part of the article dealing with "the principal maritime inspection agencies" he makes statements to which one could take the gravest exception. I would like to state that as far as Lloyd's Register of Shipping is concerned, his statements are totally untrue. Our system, evolved over many years, is specifically designed to remove from individual surveyors the temptation of bribery.

To revert to the general subject of so-called "flags of convenience," may I say that from the point of view of Lloyd's Register of Shipping, these ships receive identical treatment with ships flying any flag in the world. We have our own rules and we are also authorised by over 100 governments to conduct certain statutory surveys on their behalf. If the ship complies with our rules, then it can be classed 100A1 with us. If the ship complies in respect of statutory requirements, the appropriate certificate can be issued. If the ship does not comply with our rules, then it is out of class with this Society. If it does not measure up—on thorough inspection—to the statutory requirements, the necessary certificates are withheld and the national authorities would then take steps to prevent the ship from sailing. The flag the ship flies has no relevance whatsoever in applying these simple straightforward facts.

Finally, despite my total contradiction of part of the article, may I say how glad I am that Mr. Robinson does make clear the fact that the ships he is describing are very much in the minority of those flying the so-called "flags of convenience."

R. A. Huskisson.
71, Fenchurch Street, E.C.3.

Capital loss allowed

From The Taxation Manager,
British Leyland Motor Corporation

Sir,—Mr. Hill (July 23) has apparently overlooked the provisions of paragraph 2(1), Schedule 11, Finance Act 1971, which permits the carry forward of a capital loss (subject to offsetting any gains made in the same year) even though the proceeds from the disposal of assets in the year do not exceed £500. Thus British Leyland shareholders who accept the Government's cash alternative will be able to obtain relief for any capital gains tax loss incurred.

D. G. Tapper,
174, Marylebone Road, N.W.1.

Tax discussion misunderstood

From The Press Officer,
The Inland Revenue.

Sir,—Mr. L. Hill says in his letter (July 23) that a British Leyland shareholder who sells his shares to the Government for £500 (or less, presumably), and has no other share transactions in the current tax year, will be denied an allowable loss for capital gains tax.

This is not so. Where an individual's total disposals in the year do not exceed £500 the gains and losses on the various assets disposed of in the year are aggregated. If there is a net gain, it is exempt; if there is a net loss it is carried forward in the ordinary way (Finance Act 1971, Schedule 11, paragraph 2). Thus in Mr. Hill's example the loss of £1,750 would be available for carry forward.

I am sorry if Mr. Hill's discussion with his tax office led to a misunderstanding on this point.

J. P. O. Lewis.
Somerset House, W.C.2.

Political hoax

From A. Jacobus

Sir,—The recent High Court refusal to endorse the compulsory purchase order on the maisonettes at Centre Point brings, we hope, an end to this sorry charade.

The Centre Point affair deserves a place in the catalogue of the world's great hoaxes. How the public came to accept the lunatic proposition that a building owner could get richer by getting no return on his investment is reminiscent of the South Sea Bubble and merits very serious consideration.

The cynical exploitation of the popular mythology surrounding the property developer was a classic demonstration of the use by politicians of the scapegoat as a diversion from their own inadequacies. Unfortunately for us all, the hoax had repercussions far beyond those which its propagators foresaw, contributing as it did to the near collapse of the infrastructure of capital investment, the consequences of which are still not known.

It is too much to expect that the electorate will learn that policies based on expediency alone will also lead to disaster but at very least, are we not entitled to know the cost to public funds of this politico-legal fiasco?

Aubrey Jacobus
10a Archway Close, N.19.

To-day's Events

GENERAL

Mr. Harold Wilson, Prime Minister, and Mr. James Callaghan, Foreign Secretary, hold informal talks with Federal Chancellor and West German Foreign Minister, Hamburg.

Provisional unemployment figures for July.

Car and commercial vehicle production (June).

National Coal Board annual report.

British Leyland shareholders' association meets, Kensington Town Hall, W.8.

PARLIAMENTARY BUSINESS

House of Commons: Remuneration, Charges and Grants Bill, remaining stages.

House of Lords: Industry Bill, committee.

COMPANY RESULTS

Gestetner Holdings (half-year).
Inchcape (full year).
Plessey (first quarter).

COMPANY MEETINGS

Brunning Group, 100, Whitechapel Road, E., 12.15.
Burnett and Hallamshire, Sheffield, 12.
Caird (Dundee), Dundee, 12.
Century Oils, Stoke-on-Trent, 12.
Cessnock, Glasgow, 11.30.
Consolidated Tea and Land, Glasgow, 11.
Cook (William) (Sheffield), 12.
Country and New Town Properties, 6, Agar Street, W.C., 12.
Dawson International, Edinburgh, 11.45.
Dorland (George), Winchester House, E.C., 12.
Dom Holdings, Great Eastern Hotel, E.C., 12.
Exchange Telegraph, East Harding Street, E.C., 12.
Finlay (James), Glasgow, 12.
Fraser Ansbacher, 1, London Wall, E.C., 12.
Hargreaves Group, Wetherby, 11.
Joseph (Leopold), Brewers' Hall, E.C., 12.
Kulim, 14, St. Mary Axe, E.C., 12.
Land Securities Investment Trust, Devonshire House, W., 12.
Lyons (J.), Cumberland Hotel, W., 12.30.
Midland-Yorkshire Holdings, Oldbury, 2.15.
Monk (A.), Warrington, 3.
Nineteen Twenty-Eight Investment Trust, 8, Waterloo Place, S.W., 2.45.
Ozalid, Loughton, 12.
Stonehill, Abercorn Rooms, E.C., 11.30.
Teith Holdings, Glasgow, 11.15.
U.K. Optical and Industrial Holdings, Winchester House, E.C., 12.
Wharf Mill Furnishers, Ashton-under-Lyne, 11.
Woodhead (Jonas), Leeds, 2.30.

COMPANY NEWS + COMMENT

Courts (Furnishers) earns and pays more

TAXABLE profit of retailers of house furniture, etc., Courts (Furnishers) expanded from £3.26m. to £3.49m. in the year to March 31, 1975, after a rise from £1.07m. to £1.16m. at midway.

Earnings for the year are given at 11.1p (10.8p) per 25p share and the dividend is stepped up from an adjusted 2.4297p to a maximum permitted, 2.58514p, with a final of 1.41514p net.

Profit is struck after a £389,000 transfer to deferred profit compared with £785,000 and the directors state that deferred profit now amounts to £5.77m. and will automatically flow into profits in future years.

So far this year, turnover and profits in both the U.K. and overseas have been satisfactorily ahead of those for the same period last year, they add.

They explain that as sterling was temporarily in a relatively strong position at the year end, an exchange rate loss resulted on the conversion of overseas interests from local currencies into sterling. Since then, this trend has been reversed "dramatically" and "substantial" exchange profits will accrue unless sterling shows a marked recovery in particular against the U.S. and Australian dollar.

New stores were opened during the year in the U.K. at Barnstaple, Birmingham and Chesterfield, with Brighton opening just after the year end. Overseas, further stores were added in Australia and Fiji, and a new store opened in Singapore.

Group net overdrafts were reduced in the year from £3.06m. to £1.41m. despite the continued global expansion.

	1974-75 £000	1973-74 £000
Turnover	28,377	23,077
Trading profit	4,738	4,259
Depreciation and interest	734	813
To deferred profit	389	785
Exchange deficit	138	†201
Property disposal profits	5	106
Profit before tax	3,486	3,263
Tax	1,852	1,532
Net profit	1,636	1,731
Prior adjustment	—	89
Minorities	92	115
Available	1,364	1,327
Preference dividend	24	24
Ordinary dividend	343	341
Retained	1,177	1,162

† Surplus.

● comment

In a difficult year, Courts managed to hold sales volume and increase profits, before exceptional items, by 22 per cent. A revival in HP sales in the latter part of the year helped, while the profit contribution from overseas stores moved up a little to 40 per cent. So far this year the overdraft has been further reduced to around £1m., and sales both at home and overseas are about 40 per cent. above the comparable period. So the current year has got off to a good start, but prospects hinge on how deep Government action will cut into consumer spending power later in the year. Even so, Courts has strength in the overseas content, while the deferred profit reserve flows back into the p and l on a two-year time scale, thus cushioning a trading profit decline. The "A" shares lost 3p to 55p yesterday, where they yield 7.4 per cent.

R. DUTCH/SHELL

Royal Dutch Petroleum and "Shell" Transport and Trading will jointly issue their report on the results of the Royal Dutch/Shell Group for the first half 1975, on August 7.

INDEX TO COMPANY HIGHLIGHTS

Berisfords halfway downturn

A DROP in profits from £305,000 to £272,000 for the half year ended May 17, 1975, is reported by Berisfords, makers of ribbons, trimmings and labels.

Earnings are given as 3.2p (3.6p) per 25p share. The interim dividend is again 0.6p net, total for 1973-74 was 1.99p paid from profits of £672,000.

Turnover in the six months came to £2.45m. (£2.35m.). After tax £141,000 (£159,000) net profit was £131,000 (£146,000).

The directors are making increased efforts to control stocks and overheads. So if forecasts are correct and there is a recovery in the economy, the company should produce improved results in the second half.

● comment

A sharp dip in volume, particularly in the export markets, has combined with a 2 points fall in margins to send Berisfords' first-half profits 11 per cent. lower at the pre-tax level. Manufacturing costs have continued to shoot ahead but the group is now meeting with some price resistance, both at home and abroad, and is unable to pass the increases on. The management is trying to tighten up costs control at the moment and is reducing the stock position. This has so far enabled it to trim the group borrowings from the net £510,000 in the last balance sheet, but with no sign yet of any pick-up in demand, the chance of any immediate improvement in profits looks slight. Thus the shares at 29p are likely to need all the support they can get from a historic yield of 10½, covered 3.7 times.

Guthrie sees pick up

THE CHAIRMAN of the Guthrie Corporation, Sir Eric Griffith-Jones, told shareholders at the annual meeting that the last 12 months had been extremely difficult in most of the corporation's businesses. There were signs that companies in other parts of the world were emerging from the tunnel, but in the U.K. the picture was less encouraging.

"An upturn in world trade in the second half of the year would have a marked effect on the profitability of the corporation in 1975, though I fear that we shall continue to bear the burden of high tax rates until we can generate U.K. profits sufficient to relieve ACT," he added.

Borrowings were well within the limits set by the Board and "There is no truth in speculation that we are contemplating a rights issue."

Astra jumps 44% to £549,000

COMPARED WITH the forecast almost a year ago of a 20 per cent. profit increase in 1974-75, Astra Securities reports a 44 per cent. jump to £549,000 in the pre-tax figure for the 12 months ended April 30.

Earnings per 10p share are shown to have risen from 2.79p to 3.87p. A final dividend of 0.323p provides a net total of 0.66p, compared with 0.57082p for last year. Adjusting for a one-for-five scrip issue. A further scrip issue this time on a one-for-four scrip is now proposed and the directors expect for the next year to maintain the dividend on the increased capital.

The profit increase reflects a more reasonable return on the engineering turnover following past amalgamations, the directors explain.

	1974-75 £000	1973-74 £000
Group turnover	7,265	5,077
Operating profit	645	483
Bank interest	96	104
Profit before tax	549	379
Taxation	290	178
Net profit	259	201
Extraordinary credits	27	*6
Dividends	48	41
Retained	238	154
Net assets per share	33.2p	31.6p

* Debits.

● comment

A 79 per cent. jump in engineering profits is the main feature of Astra's 1974-75 performance, which has lifted profits by 45 per cent. pre-tax overall. On the stockholding and scrap side, volume remained strong—sales rose by almost 60 per cent.—but materials became harder to find and margins came under heavy pressure, slipping 3.6 points to 8 per cent., and leaving profits 10 per cent. higher. Demand on the engineering side has started to ease in the current year but further cost-saving benefits are expected to come through from the recent integration programme.

Moreover, in the second half of 1975-76 the group is also expecting to see some relief in the pressure on scrap processing margins when some new equipment is brought on stream. The group, therefore, looks capable of at least a modest rate of growth in the current year—though the shares at 11p, capitalised at £795,000 and yielding 9.1 per cent., are taking nothing for granted.

Neepsend upsurge: pays same

DOUBLED PROFITS for the year ended March 31, 1975, are announced by Neepsend, the steel and product makers.

At halfway the rise was from £315,000 to £861,000, and for the year the group has achieved £1.88m., against £0.94m.

The directors cannot attempt to forecast, but say the group is proceeding with capital investment essential for future prosperity—this is being financed from internal cash flow.

An encouraging start has been made to the current year and the general order position remains reasonably healthy.

Earnings per 25p share are given as 5.71p (3.44p) before extraordinary items, and 5.19p (4.18p) after such items. The final dividend is 2.09375p for a maintained 2.93125p net total.

	1974-75 £000	1973-74 £000
Group sales	*15,843	11,293
Profit	2,157	1,155
Interest paid	272	211
Profit before tax	1,885	944
Taxation	1,109	477
Net profit	776	467
Extraordinary debit	71	†101

* Includes exports £2.11m. (£1.46m.). † Credit.

● comment

After more than doubled first-half profits, Neepsend's pre-tax outcome improved by a further 63 per cent. in the October-March session. Margins during this period actually gained over a point, rising to 11.5 per cent., and it all adds up to a bumper year. Reading between the lines, however, Neepsend could be expecting harsher trading conditions now. The dividend, for example, has been merely maintained, not increased, while stocks have been run down to 30 per cent. of sales. The group has also disposed of part of its investment portfolio—at a loss. The proposed financing of the capital spend from cash flow sounds optimistic enough, though, and the yield at 37p is nearly 13 per cent.

Investment programme at LCP

IN THE year ended March 31, 1975, LCP Holdings invested £2m. in capital expenditure across all divisions of the group, and carried forward commitments for future expenditure in excess of £800,000 at the year end, states the chairman, Mr. D. Rhead.

In the present year the group is continuing with a substantial capital investment programme designed to improve trading performance when conditions permit. Throughout many sectors, evidence of recession and falling demand is more apparent than a year ago, but "we are fortunate that the wide spread of our trading operations gives us a measure of protection in these circumstances."

The reversionary potential of rental income is reflected by a widening gap between historical and current rentals as evidenced by the revaluation of Pensnett in March last, he says. He is satisfied, therefore, that the group's property portfolio is "a first-class security, well located and well tenanted."

At the Pensnett trading estate a major extension for Distillers is being completed and a new factory for Girling has been started. When these projects are finished the rent roll at Pensnett will exceed £1m.

As reported on July 9, trading profits improved from £2.84m. to £3.31m. in the year to March 31, but after heavier interest charges and a provision against residential development sites, and with no development dealing surplus this time, the pre-tax balance declined from £2.62m. to £2.41m. The dividend is 2.8929p (2.722p) net.

Mr. Rhead explains that price controls and accelerating inflation were the two main adverse factors affecting performance but all divisions showed an improvement in trading profit.

The construction division is trading in adverse conditions, but the two building companies produced record profits, and the brickworks enjoyed "a most successful year."

Full provision was made to cover the fall in market value of certain residential sites employed in house building activities. The current sales position has improved and the residential building programme is being held at a modest level, he adds.

A statement of source and application of funds shows a net increase in short-term borrowings of £3.12m. (£0.51m.).

Meeting, Birmingham on August 20 at noon.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Astra Secs.	0.33	—	0.28*	0.66	0.57*
Berisfords int.	0.6	Sept. 4	0.6	—	1.99
Borelli Tea	3.75	Sept. 24	3.52	3.75	3.52
Bullough int.	1.69	—	1.4	—	4.27
Courts (Furns.)	1.42	—	1.4*	2.59	2.43*
Customagic	0.35	—	0.18	0.7	0.35
English Assoc. int.	4.88	Oct. 1	5.03	—	18.43(a)
Gen. Stockhldrs. Spec. Int.	0.13	Sept. 4	—	—	2.0*
Gillett Bros. Discount int.	4.88	Aug. 22	1.68	—	6.7
Idris Hyd. int.	3	Sept. 12	3	—	6.7
Linfood Hldgs. Spec. Int.	6	Sept. 1	—	6	—
Majuli Tea	4.3	Sept. 24	4.22	4.5	4.22
Neepsend	2.09	Oct. 23	2.08	2.93	2.93
Phillips Patents	1	Sept. 19	1	1	1
Saint Piran	0.63	Oct. 1	1.67(b)	0.63	1.67
Unigate	1.35	Oct. 3	1.42	2.55	2.42

DIVIDEND FOOTNOTES

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue.

† One capital increased by rights and/or acquisition issues.

(a) Including 1.65p anniversary bonus.

(b) For 15 months.

EEC lift for Shaw Carpets

Now that the U.K. is firmly established within the EEC, the value of Shaw Carpets' subsidiaries in Europe is proving increasingly beneficial, states the chairman, Mr. H. W. Hartley.

The group can now concentrate its export activities to a greater degree than before in European markets, where the main growth in exports will materialise, he tells members.

Sales in export markets for 1974-75 were lower in volume than the previous year's record. However this was largely due to measures taken by foreign governments, and by U.K. credit restrictions, the chairman explains, and he believes that current year exports are capable in volume terms of exceeding the 1973-74 peak.

As reported on June 27, turnover rose from £14.4m. to £17.62m. but taxable profits fell from £1.08m. to £0.83m. in the 53 weeks to May 2, 1975. The dividend is 2.0738p (1.884p) net. Inflation-adjusted accounts show turnover at £19.68m. on a CPP basis, taxable profits at £933,000, earnings at 4.5p (3.4p historical) per 10p share, and assets per share at 31p (26.4p historical).

Mainly as a result of "a healthy cash flow and the planned reduction in capital expenditure" the group reduced its overdraft from £2.14m. to £0.79m. during the year. A statement of source and use of funds shows an increase in liquid funds of £1.38m. (decrease £1.35m. in 1973-74).

Meeting, Ossett, near Wakefield on August 27 at 2.30 p.m.

LAPORTE

The EGM to approve the arrangement under which Solvay and Cie will acquire a major holding in Laporte Industries will be held on August 7.

Bullough up £0.2m. midway

FROM TURNOVER up from £5.61m. to £6.96m. pre-tax profit of engineers Bullough for the six months to April 30, 1975, advanced from £420,200 to £616,600.

The directors reiterate their earlier forecast that profits for the full year will not be materially different from last years £1.21m.

The interim dividend is lifted from 1.4p to 1.687p net and the directors add that in the light of current trading the total dividend should be the maximum permitted, the additional amount being incorporated in the interim payment. Last year's total was 4.2736p.

After tax of £287,900 (£218,500) the net balance emerges £127,000 ahead at £328,700.

The directors point out that comparison with 1974 is complicated by the three-day week.

The electrical division made a good recovery and all three companies contributed to the better results, while Beanstalk Shelving also made further advances and demand for its product remains bouyant.

However, these and other improvements were affected by a severe downturn at Hago Products. The demand for TV stands fell further and sales of other products rose too slowly to offset the decline. Redundancies and management changes have been carried out, TV demand is recovering, and a better trading position is expected in the months ahead, the directors state.

● comment

After some recovery in the second half of 1973-74, Bullough has now returned a 47 per cent. pre-tax profits increase for the first six months this time. The electrical side, which made a nil contribution last time, has performed much better, while the Beanstalk (retail shelving) acquisition has now pushed its way up to about a quarter of profits. The slump in caravan sales has naturally affected these activities, while Hago Products has suffered from the lack of consumer demand for television sets. For the second half Bullough is looking to mark time, bearing in mind that the comparable period experienced the start of the current recovery-cum-growth trend. That explains the near 14 per cent. yield at 52p.

Major profit fall at Courtaulds

FIRST HALF profits of Courtaulds will show a major fall on the figure for any recent period, but the company will be in the black and its normal interim dividend will be covered.

This was stated by the chairman, Lord Kearton, at yesterday's annual meeting. His projection was based on figures already in for the first quarter.

He forecast that the second half should show an improvement over the interim period. Just how big was impossible to say, but the improvement "will gather momentum from the autumn on and 1976-77 should see much better times."

Group expenditure this year would be in the region of £100m., against £115m. for 1974. "In all probability" the group would then slow down somewhat on the spending side to bring into operation new plants already in the pipeline.

On prospects Lord Kearton said the market in the U.S. had "definitely improved" from the point of view of volume and was beginning to improve on the prices front. The U.K. market was also showing signs of upturn but as with America it was a case of volume increasing first and price increases following.

Europe was still very depressed and losses there had been "appreciable" but the group confidently expected its major interests to start showing improvement after the summer holidays.

Meeting Page 17

See Lex

Penrad expects first half loss

Although engineering will produce a profit, this will be more than offset by the losses of the radiator company and the results of Penrad Group will continue to show a loss position in the first half of 1975, states Mr. K. W. C. Grand, chairman, in his annual statement.

In the light of the uncertain economic conditions in the U.K. he does not consider it prudent to forecast the results for the second half.

Due to these factors the group will once again operate in a difficult liquidity situation and the directors are examining possible methods by which this could be alleviated, in addition to potential areas of commercial expansion.

In view of the position and "my wish to see the group through this most difficult period, it has been decided that I should continue as chairman of the company for the time being," he adds.

It is considered, he says, that the basis on which the borrowing powers are calculated be increased to four times the current aggregate, which is twice the aggregate of the paid up capital, the total of reserves and the balance on the profit and loss account.

A resolution will be proposed at the annual meeting.

As reported on July 7 the group incurred a pre-tax loss of £0.39m. in 1974, compared with a profit of £4,463 the previous year. No dividend is payable, compared with an interim of 0.875p net the previous year.

On July 1, 1975, Mrs. S. Maltz held 15.29 per cent. of the Ordinary shares.

Meeting, Great Western Royal Hotel, W., on August 14 at noon.

Customagic leaps £0.24m.

IN THE YEAR to April 30, 1975, taxable profit of Customagic Manufacturing Company jumped £242,883 to £306,119. At midway the rise was from £61,000 to £125,000.

Earnings per 10p share are shown to have risen from 0.43p to 2.32p and the final dividend is 0.35p net for a 0.7p (0.35p) total.

This year there was an extraordinary debit of £75,677.

The leasehold land and buildings of the group shown in the balance-sheet at a net book value of £621,000 (which are subject to a medium-term loan of £500,000 from the company's bankers) were revalued professionally on May 23, 1975, at £1m.

	1974-75 £	1973-74 £
Group turnover	3,815,338	3,094,324
Trading profit	446,729	181,507
Depreciation	21,131	22,952
Other charges	121,448	95,719
Profit before tax	306,119	63,236
Tax	184,159	40,363
Profit after tax	121,960	22,873
Extraordinary debit	*75,677	—
Dividends	26,750	13,376
Brought forward	249,947	243,650

* In respect of: amortisation of goodwill £80,000; less surplus arising on disposal of property £4,323, leaving a total of £75,677. Goodwill arising from the acquisition of Strotchova is being amortised over four years on a straight line basis.

PAGE CALNAN

Page Calnan proposes early repayment—on August 26—of the £100,000 8½ per cent. unsecured loan stock 1994-99 at £80 per cent.

ISSUE NEWS

McCorquodale £1.38m. rights at 128p

McCorquodale intends to raise £1.38m. by way of a rights issue on the basis of 2-for-7 at 128p each.

The Board is raising the money because total borrowings have increased significantly in recent years, particularly the past two when a considerable capital expenditure programme was undertaken. The issue will increase the ratio of shareholders' funds to borrowings and will give a firmer base to pursue the programme.

The new shares will rank for the forecast final dividend of 8.75p per share for the year to September 30.

The issue has been underwritten by Kleinwort Benson and brokers are Hoare and Co. Govett.

BRITISH CAR

British Car Auction Group intends to raise £416,000 by way of a rights issue on the basis of one-for-one at par (10p). Full details to be released tomorrow.

RIGHTS RESULTS

In response to Bowater Corporation's rights issue of 1-for-6 at 115p to raise £22m., 90.5 per cent. was taken up. Century Oil's rights issue of 1-for-4 at 30p to raise £1m. was taken up as to 81.8 per cent. and S. Leboff (Fobel) rights issue of 1-for-6 to raise £675,000 at 28p per share was taken up as to 92.5 per cent.

RECENT ISSUES

EQUITIES

Issue Price p***	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p***	+ or −	Div. P. or Amount	Times covered	Gross Yield	P/E Ratio
‡	F.P.	—	172	155	Alroyd & Smithers	156	......	u12.8	1.7	12.1	7.8
48	F.P.	11/7	66	48	Olive Discount (20p)	49	−2	3.0	—	9.0	—
‡‡	F.P.	—	196	185	Beales House	193	−2	T4.97	1.18	3.9	22.4
55	F.P.	21/8	55	55	Lawrence (Walter)	55	......	b4.5	2.7	12.6	4.5

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
‡‡	F.P.	21/8	93	89½	Adwest Grp. 10½% Cnv. 95/2000	91	+1
$100	F.P.	—	101	$99½	Barclays Bank Int 9¾% Capital Notes 1982	100½	......
£100	£10	7/11	11¼	10¼	Barnet Corp. 13¼% 1980	10¼	−½
£100	£10	7/11	12¼	10½	Do. Do. 14% '84/5	11	−⅜
£100	F.P.	—	100	99¾	CSR 9¾% Notes 1980	99¾	......
**£99	£10	12/9	10½	9¾	Camb. Water 9% Red. Pref. 1980	9⅞	−⅜
£97½	£50	12/9	50⅝	49⅝	City of Westminster 13% Red. St. 1981	50	−⅜
£98½	£10	5/12	11⅛	10¼	Derby C. C. 13½% Stk. 1982	10¼	−⅜
✣£99	£10	29/8	11¼	10¼	East Surrey Water 9% Red. Pref. 1980	10¼	−½
✣£100	Nil	—	4	Nil	English Properties 12% Conv. Ln. 2000/5	Nil	−1½
£100	F.P.	—	106½	102½	EnniaFinance(U.K.)9%ConvGtdUnsLn85-90	103	−½
£99	F.P.	31/7	112	100½	Folkstone Dist. Water 9% Red. Prf. 1980	100½	......
£100	£50	25/10	54¼	52	Hoechst 10% Guar. Ln. 1990	52	−1
✣£100	F.P.	21/8	107½	100	Mitchell Cotts 13% Conv. Uns. 90/5	100	−½
£99	£10	—	10¼	10	Newcastle & Gate 9% Red. Prf. 1980	10	......
£99	F.P.	31/7	112¼	100½	N. Surrey Water 9% Red. Prf. 1980	100½	......
✣£100	Nil	—	5	—	Prop. Hldgs. & Inv. 9% Conv. '90/5	½pm	......
£99	£10	29/8	10⅝	10⅛	Sunderland Water 9% Red. Pref. 1980	10½	−¼
‡‡	F.P.	—	90	77½	Turner Curzon 16% Conv. Uns. '78-80	90	+4
‡‡	F.P.	29/8	101¾	99	Whitbread 11% Conv. 1995	99	−¾

"RIGHTS" OFFERS

Issue Price p***	Amount Paid up	Latest Renunc. Dates †	‡	Stock	Closing Price p***	+ or −
181½	Nil	—	—	Adams Foods	¾pm	......
110	Nil	28/7	25/8	Anderson Strathclyde	Nil pm	−2
43	F.P.	20/6	8/8	Associated Engineering	46½	−½
35	F.P.	7/7	21/8	Barrow Hepburn	34	−1
85p	F.P.	2/7	1/8	Bell (K.)	97	−2
46	F.P.	7/7	10/9	Boo Intl	42½	−1½
115	F.P.	21/7	1/9	Bowater	127	−6
50p	Nil	25/7	6/9	Brit. Steam Specialties	1pm	−½
40	F.P.	3/7	8/8	Carless Capel	56	−2
30	F.P.	21/7	29/8	Century Oils	34	−1
A$1.50	F.P.	2/7	7/8	Commercial Bank of Australia	213	......
45	Nil	6/8	4/9	Comp Air	3½pm	......
72	Nil	30/7	28/8	Dunbee-Combex-Marx	28pm	......
45	F.P.	26/6	25/7	Duport	40	−½
55	F.P.	4/7	21/8	Ever Ready	82	+1
10p	Nil	4/8	5/9	Feedex	9pm	......
38	F.P.	11/7	1/8	GEI Int	39	−1
200	F.P.	4/7	7/8	Glaxo	335	−9
35	F.P.	21/7	11/8	Hazlewoods (Proprietary)	25	......
10p	Nil	29/7	3/9	Headlam Sims & Coggins	2½pm	−½
20	F.P.	23/7	8/8	Kwahu	22	......
103	Nil	30/7	15/8	Legal & General	3½pm	−4½
50	F.P.	18/7	21/8	London United Invs.	65pm	−2
25p	F.P.	23/7	20/8	Macfarlane Group	60	......
210	Nil	1/8	29/8	Metal Box	8pm	−5
10p	F.P.	2/7	8/8	NSS Newsagents	46	−1
60	F.P.	9/7	8/8	Nurdin Peacock	76	−1
105p	F.P.	21/7	29/8	Pegler Hattersley	107	+2
150	F.P.	11/7	1/8	Phoenix Assurance	200	−2
$A1.50	Nil	—	—	Poseidon	50pm	......
5p	F.P.	11/7	5/8	Premier Cons Oilfields	10½	−1
67	F.P.	24/7	19/8	Redland	66	−3½
105	Nil	—	—	Renold	2pm	−4
20	F.P.	4/7	8/8	Root Harvesters	23	......
10	Nil	28/7	12/9	Senior Engineering	1½pm	−⅛
27½	F.P.	10/7	21/8	Serck	30	−2
80p	F.P.	25/7	12/9	Siebe Gorman	106	......
95p	Nil	25/7	5/9	Smiths Industries	¼pm	......
170	Nil	8/8	3/10	Tate & Lyle	11pm	−7
65	F.P.	17/7	7/8	U.K. Optical	81	−2
60p	F.P.	21/7	15/8	Unicorn	49	......
110	Nil	5/8	29/8	Wheatsheaf Dist.	11pm	−6

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ✣ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ✣ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ✣ Introduction. ◆ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ✣ With warrants.

GALLAHER

Statement by the Chairman, Mr. A. W. H. Stewart-Moore, and Interim Report for the six months ended 30th June, 1975

Group sales for the first half of 1975 at £425 million were nearly 32% up on the first half of 1974. Cigarette turnover was up 14½% because of price and Duty increases, but quantity sales are down, particularly in the King Size sector. Group Trading profit before interest, taxation and minority interests is slightly down on last year and has been sustained by the increasing share contributed by our Engineering, Optical and Distributive Trade divisions. Trading profits before interest and taxation from the non-tobacco divisions are up by over 40% on last year.

The unaudited results of the Group for the first half of the year compared with the first half of 1974 and the audited results for the whole of 1974 are as follows:

(All figures in £ millions)

GALLAHER LIMITED AND SUBSIDIARY COMPANIES	1975 3 months to 30 June	1975 6 months to 30 June	1974 3 months to 30 June	1974 6 months to 30 June	1974 Year to 31 December
GROUP SALES (Note 1)					
Tobacco	173.5	332.0	144.6	287.7	594.1
Engineering	12.1	21.5	8.1	15.3	35.0
Distribution	32.9	60.9	20.1	32.6	78.7
Optical	5.4	10.4	3.5	6.7	16.2
	223.9	424.8	176.3	322.3	724.0
GROUP TRADING PROFIT before Interest					
Tobacco	6.6	14.1	7.0	14.5	29.5
Engineering	1.8	2.9	1.4	2.0	5.0
Distribution	0.6	1.3	0.8	0.9	2.0
Optical	0.8	1.7	0.6	1.3	2.8
	9.8	20.0	9.8	18.7	39.3
INTEREST CHARGES	2.0	3.8	1.3	2.4	5.8
GROUP PROFIT, before taxation	7.8	16.2	8.5	16.3	33.5
TAXATION (Note 2)	4.0	8.3	4.3	8.2	17.1
	3.8	7.9	4.2	8.1	16.4
MINORITY INTERESTS	0.1	0.1	0.2	0.2	0.3
GROUP PROFIT, before Extraordinary Items	3.7	7.8	4.0	7.9	16.1
EXRAORDINARY ITEMS, net of taxation	—	—	—	2.9Cr	1.6Cr
GROUP NET PROFIT	3.7	7.8	4.0	10.8	17.7
Depreciation charged in arriving at trading profit	2.2	4.2	1.8	3.5	7.2

NOTES

1. Group Sales. Sales exclude V.A.T. or its equivalent. The comparison for sales of tobacco products has been largely affected by the very substantial duty inreases included in sales from April 1974 and May 1975.
2. Taxation. U.K. Corporation Tax has been based on a rate of 52%.

BASF Aktiengesellschaft

Ludwigshafen am Rhein

—Security Reference No. 515 100—

First notification of the sale of those shares which were not taken up following the increase in the Company's capital in 1974.

In our announcement in the Federal Journal No. 123 of 9th July, 1974, we called upon shareholders of our Company to take up shares to a total value of DM 77,057,550.— resulting from the conversion of reserves into nominal capital following the resolution taken at the Ordinary General Meeting on 2nd July, 1974.

In accordance with Art. 214 Para. 2 AktG, one year after the publication of this announcement we are obliged to give notification of the sale of those shares which have not been taken up, in a series of 3 notices appearing at intervals of not less than one month. The last notice must appear within 18 months of the original announcement.

We request shareholders in possession of the outstanding coupons (dividend coupon No. 29) to surrender these to one of the appointed agents listed in the announcement in the Federal Journal of 9th July, 1974, and thereby claim the bonus shares due to them.

Any shares resulting from the capital adjustment of 1974, which are not claimed at the latest by the end of one year after the publication of the third notice, will be offered for sale at the official stock exchange price through a broker, the proceeds being credited to the registered holder. The total of shares to be sold includes those bonus shares held by the main agent, representing fractions not allocated. If the registered shareholder is not known, the proceeds of the sale will be deposited with the District Court, Ludwigshafen am Rhein.

Ludwigshafen am Rhein, July 1975
The Board of Directors

BASF

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Unigate expands £2½m. to £17.78m.

PROVIDING FOR interest up by almost £2¼m. at £7m., and taking in retrospective margin awards of £3.16m., against £0.66m., group taxable profits of Unigate, the Farmers Wife, Cow and Gate and St. Ivel dairy food and meat group, emerged £2.35m. ahead at £17.78m. for the year ended March 29, 1975.

Turnover expanded from £474.04m. to £586.95m. After all charges earnings attributable to Ordinary holders come through at £8.54m. (£8.1m.)—equal to stated earnings of 5.12p (4.88p) per 25p share.

As forecast at the time of the rights issue in March—when pre-tax profits for the first 10 months of 1974-75 ahead from £12.3m. to £12.96m. were shown—the dividend is raised from 2.41655p net to 2.55p, with a final of 1.55p.

	1974-75 £000	1973-74 £000
Turnover	586,955	474,041
Trading profit	21,311	18,549
Interest	7,003	4,561
Margin awards	3,160	661
Profit	17,775	15,250
Taxation*	8,714	6,768
Net profit	9,063	8,461
Minorities	454	355
Attributable Ordinary	8,533	8,100
Extraordinary debits	331	†274

* Includes deferred tax £3.83m. (£6.13m.). † Credits.

At a Press conference yesterday chairman Sir James Barker pointed out that over the past three years the requirement for working capital for stocks and debtors had risen from £58m. to £108m. at the end of March, 1975.

Despite this the group had reduced borrowings from £17m. to £13m. over the past year and "We shall continue to keep up the pressure in the year ahead.

"We shall live within our cash flow, we shall promote with capital our most profitable activities and we shall restrict the allocation of capital to those activities which are poor profit performers," declared Sir James.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims—Beaumont Properties, Braid Group, British Australian Investment Trust, Cable Trust, Gestetner, Second British Assets Trust, Yule Catto.

FINALS—Burt Boulton, Coated Metals, Commercial Bank of Australia, Grossfriars Trust, First Union General Investment Trust, Gordon and Gotch, Hales Properties, Philip Harris, Inchcape, MTE, Ward and Goldstone, Western Board Mills, York Trust, Young Austen and Young.

FUTURE DATES

Finals—

Centre Hotels (Cranston)	*Aug. 26
Forminster	July 31
Houchin	Aug. 19
Monitor Holidays	July 29
Pretoria Portland Cement	Aug. 6
Provincial Cities Trust	Aug. 15
Routledge and Kegan Paul	July 31
Textured Jersey	Aug. 1
Wholesale Fittings	July 30
Williamson Tea	July 25

* Amended.

Jacksons Bourne End

IMPROVED demand for the major products of, manufacturers of millboard, Jacksons Bourne End is needed if cost effectiveness, deriving from the capital programme, which will become increasingly available during the current year is to be of use, says chairman Mr. T. D. Walker.

At present there is no sign of such an improvement and it is expected that in the meantime the group will operate at a lower level of profitability, he adds.

Mr. Walker explains that the company has continued its policy of reorganisation of its production facilities to meet a renewal of demand which is expected in due course.

He declares that it is too early to forecast results for the current year but the group will do whatever is practical to achieve an increased and economical level of trading.

As already known pre-tax profit for the year to March 31, 1975 fell from £170,000 to £162,000. The dividend is raised from 2.683125p to 2.8463p net.

Chairman's statement Page 21

Argonaut told to stop new business

Argonaut Insurance has been ordered by the Department of Trade to cease taking on new business in Great Britain on or after July 23, the Department said yesterday. The order also prohibits the variation of existing insurance contracts, but it does not prevent the company meeting its liabilities under existing insurance policies.

Argonaut is a small U.K. insurance company with a premium income in 1974 of £362,000, mainly associated with re-insurance business. Its parent company is a U.S. insurance organisation of the same name which is a subsidiary of Teledyne Inc. The U.S. operation has a worldwide premium income of £142m. and declared an underwriting loss for 1974 of $83.7m.

The decision to restrict the business of the U.K. company has been taken in the light of the financial results of the U.S. parent.

Dorman Smith progress

Mr. B. L. Cooper, deputy chairman of Dorman Smith, told the annual meeting that after three months of the current year orders despatched were 37 per cent. up on the corresponding period of last year. Orders received were ahead by 25 per cent. and remained adequate, for the time being at least, to maintain a higher rate of output than that of last year.

The liquid position had improved by a further £877,000 at the end of June, exclusive of either of the bank facilities mentioned in his annual statement.

Linfood tops £2.2m. —pays 6p

SALES of £163.11m. are reported by Linfood Holdings for its first accounting period to April 26, 1975. Profits were £2,273,000 subject to tax of £1,215,000 and there is a special interim dividend of 6p net. Earnings per 25p share are given as 17.8p.

In May, when announcing a 1 for 4 rights issue at 125p to raise £1.78m., the directors estimated profits of some £2.2m. for the period, and said the dividend would be not less than 3p.

The profits for the period incorporate consolidated results of Associated Food Holdings for the period from April 28 1974 to April 26 1975, (including consolidated net profits before taxation of Upward and Rich Limited subsequent to its acquisition by Associated Food on June 27 1974) and of Thomas Linnell and Sons for the period from March 31 1974 to April 26 1975.

The special interim dividend costing £357,000 is payable on 5,946,965 shares, being the issued capital of the company before the rights issue.

On January 28, 1975, Associated Food paid a 2p net dividend costing £72,000, and Thomas Linnell paid a 1.35334p dividend costing £58,000.

Harrisons and Crosfield

Current year profits of Harrisons and Crosfield were running at a somewhat lower level than last year, it was reported to the annual meeting.

However, the group was strongly placed to take full advantage of any recovery in general economic conditions at home and overseas.

Braby Group repayment

Braby Group, a wholly owned subsidiary of Braby Leslie, announces that proposals have been formulated for the repayment of the 7 per cent. unsecured loan stock 1971-76 on the basis of £96.50 cash for every £100 nominal.

No interest will be paid for the period commencing April 1, 1975, up to and including repayment date.

Subject to approval of the plan on August 18 the stock will be repaid on August 29.

Cutback in Whitbread's investment programme

IN THE current year Whitbread's capital investment programme has been drastically reduced to a level that can be covered by cash flow, states chairman Mr. Alex Bennett.

However, along with many other U.K. breweries, the group is faced with providing capacity for brewing the increasing amount of lager the public is demanding and will require in the future, and this has already meant two new breweries. The third has had to be delayed but the chairman feels it cannot be postponed much longer "if we are to provide the lager likely to be needed in the 1980s."

At March 1 capital expenditure outstanding showed a reduction from £28.16m. to £16.3m. Of this, £8.68m. (£15.46m.) had been committed and £7.64m. (£10.7m.) authorised but not committed.

Capital expenditure during 1973-74 totalled £44m. (£33m.). A total of £24m. was spent on production and distribution facilities to provide for expansion and increased efficiency, £14m. on public houses and free trade loans. In continuation of policy, £4m. was realised on sales of property for partial funding of expansion plans.

To conserve cash resources, successful efforts were made to control the inflation of stocks and debtors, which were contained to an increase of 11.2 per cent. In view of the uncertainty of the economic climate, when the opportunity arose it was decided to fund over £26m. of requirements in medium-term facilities, says Mr. Bennett.

As regards the current year's trading the chairman reports good beer sales in March and April. This was followed by a cold May, some snow in early June, and then a heatwave towards the end of the month. All this resulted in sales for the four months being about level with the familiar pattern now of draught bitter and lager going strongly ahead, with bottled beers generally down and canned beers up.

The chairman sticks to his forecast of year-end profits exceeding those for 1974-75.

As reported profit, before tax and extraordinary items for the year ended March 1, 1975 was £21.46m. (£25.67m.) on a comparable basis. Beer volume was significantly greater than in 1973-74 and the trend towards draught beer continued, says the chairman.

It is also announced that acceptances of the offer for Long John International now total 95.8 per cent. and the balance will be acquired compulsorily. Acceptances of Kleinwort Benson's cash offer at par for the Whitbread stock involved totals 98.6 per cent.

Meeting, the Brewery, Chiswell Street, E.C., September 3 at noon.

Chairman's statement Page 19

DARJEELING

The inspectors appointed earlier this month by the Department of Trade to investigate the affairs of Darjeeling Holdings are to be Mr. Peter Millett, QC, and Mr. Ian Bowie, a chartered accountant.

The inquiry follows the receipt by the Department of applications from shareholders owning over 10 per cent. of Darjeeling's shares issued under Section 164(1)(a) of the Companies Act 1948. Darjeeling used to be one of the oldest established tea companies, but last year these interests were sold and the company was aiming to make investments in North Sea oil interests.

Gillett pays 4.875p interim

GROUP PROFITS for the half year to July 31, 1975, of Gillett Brothers Discount are higher than last year, say the directors, but, in view of the economic uncertainty, no prediction can be made for the second half.

The interim dividend is stepped up from 1.675p to 4.875p net —equal to 7.5p (2.5p) gross.

In the absence of any set-back it would be the intention of the Board, subject to any possible statutory restriction, to restore the dividend for the year to the 1973 level of 20p gross.

Statement Page 18

Loss at Phillips Patents

Reporting, a pre-tax loss of £159,043 for the year to March 1, 1975 compared with a profit of £131,334 for 1973-74, the directors of Phillips Patents (Holdings) say that results have been affected by the provision for a reduction in the value of development land of £291,700 and the related transfer from deferred tax of £140,700.

At half-way there was a pre-tax profit of £14,637 against £75,726.

Turnover for the year increased from £2.98m. to £3.24m. There is a tax credit of £89,601 (charge £50,880) leaving a loss of £69,442 (profit £80,474).

The loss per 25p share is shown as 2.1p (earnings 2.3p). The dividend is maintained at 1p net.

Nigerian Electricity

After rising from £183,617 to £263,793 in the first half, taxable profits of Nigerian Electricity Supply Corporation finished the year to February 28, 1975 up from £419,511 to £530,394.

Profits were struck after depreciation of £127,198 against £124,410. Tax takes £177,945 compared with £155,936, after deferred tax adjustments.

Minority interests, representing the 20 per cent. holding in the Nigerian subsidiary by the Benue-Plateau State Government, absorb £57,465 (£41,700) leaving the available balance ahead from £221,875 to £295,164.

Two interim dividends have already been paid, the total distribution being £82,259 (£74,757), leaving £212,905 (1974—£147,118), which has been credited to reserves. No further dividends are payable in respect of the year.

Until dividends from the subsidiary become freely remittable from Nigeria, the Board will continue the policy to declare interim dividends, subject to availability of cash and U.K. dividend restraint. The first interim dividend for 1975-76 will be paid in November, some two months earlier than last year.

E. AUSTIN & SONS
(LONDON) LIMITED

Mr. D. J. R. Austin, Chairman, reports increased profits.

* Pre-tax profits were £303,000 compared with £243,000 in 1974 on turnover increased to £2,817,000 compared with £2,300,000. The maximum permitted increase in dividend is recommended.
* The Materials Handling and Warehousing Division has been fully utilised during the year. Sales of fork lift trucks continue to increase at home and considerable growth has been made in our export markets.
* The Cleaning Materials Division continued to expand its export sales although home sales were more difficult towards the end of the year.
* The Oil Division enjoyed a very busy year with increased throughput from our oil re-cycling and anti-pollution services.
* The air of uncertainty and lack of confidence in future industrial opportunities continues to increase. This climate is affecting current trading and it would be unrealistic to expect that turnover and margins can be maintained while it lasts.

E. AUSTIN & SONS (LONDON) LTD., STANSTEAD ABBOTS, WARE, HERTFORDSHIRE, OLD FORD, LONDON E.3. OSSETT & REDCAR (YORKS) AND DENNY (STIRLINGSHIRE).

ARLINGTON MOTORS
PASSENGER AND COMMERCIAL VEHICLE SPECIALISTS

Profit record maintained

Extracts from Mr. N. C. N. Housden's Statement to shareholders.

"I am delighted to report that Arlington has maintained its unbroken record of annual profit increase for the eighth year in succession. I believe this performance to be all the more creditable as it has been recorded against a background of most difficult trading conditions."

"It is too early to be able to forecast the likely out-turn for the current year with any degree of accuracy. We are convinced, however, that we are well placed to respond rapidly to the changing requirements of the market and, in twelve months time, to report satisfactory results in all the circumstances."

Summary of Results	1974/5 £'000	1973/4 £'000
Sales	23,339	20,681
Profit before tax	776	768
Profit after tax	367	346
Dividends	208	176
Earnings per share	11.5p	11.5p

Copies of the Annual Report available from The Secretary, Arlington Motor Holdings Ltd., Ponders End, Enfield, Middlesex.

COURTAULDS

Salient points from the Statement by the Chairman, Lord Kearton, OBE, FRS at the 62nd Annual General Meeting on 23rd July 1975.

Directors

There were no changes during the financial year ending 31st March 1975. In June, however, the Board suffered a severe loss in the death of Sir Richard Clarke. The retirement of Dr. W. J. Bushell already announced was referred to and, at the end of the Meeting, Lord Kearton announced his own retirement from the Board and the election of Sir Arthur Knight as Chairman, as from the end of the AGM.

Report & Accounts

Although external sales (£1,134 million) and profit after tax (£88.9 million) were record figures in money terms, the Chairman reminded shareholders that the value of money fell during the year by some 18%.

The recommended final dividend of 3.756p per 25p Ordinary share which, together with the imputed tax credit, was equivalent to a gross dividend of 5.778p, made a total of 8.526p for the year. The increase of 12½% over the previous year was the maximum permitted by the Government.

Capital Expenditure

Expenditure on fixed assets during the year to 31st March 1975 reached a new high level of £115 million. It was expected that about £100 million would be spent during the current financial year. Then would follow a slow down while new plant was brought into operation and fine tuned.

Much development effort had been spent in the last few years on improvements in the techniques of garment manufacture. Many new ideas were now ready to put into practice and the Group was planning for a sharply increased rate of expenditure in this area.

Liquidity

Very tight financial control was exercised in all branches of the business at home and overseas. Working capital and cash resources at balance sheet dates remained at the level of 1973-74.

Exports

These advanced by 31% to a record £285 million. The Group's contribution to Britain's balance of payments was a net £200 million – a performance exceeded by only a very few British companies.

Imports

Political leaders of all persuasions emphasized the overwhelming importance to this country of exports. The Chairman wished that they would speak equally strongly to some of the massive textile importers. As probably the largest single textile exporter in the world, Courtaulds believed in two-way trade but never found overseas the feverish disposition to import, and the denigration of home produced goods, so often noticed here.

Overseas Activities

While primarily a British based company, with some three-quarters of manufacturing in the UK, Courtaulds had extensive overseas interests. In the financial year to 31st March 1975, Group profits were very largely upheld by the results from overseas activities together with profits from exports.

Organisation

The Chairman emphasized the very big effort to train and bring on younger people, and to push real responsibility for decision taking, as well as for profits, on to individual operating units. Consistent efforts were made to develop satisfactory and fulfilling career structures. At one time, not so many years ago, the Board consisted of Directors representing functional and sectional interests. This was no longer so. Nearly all the major operating Divisions were now headed by Chairmen and Managing Directors who were not members of the Group Board. In turn, the main Board Executive Directors, who had had in every case wide executive experience in many parts of the Group, exercised a genuinely collective responsibility for its affairs. The relationship between individual Divisions and the small Group headquarters was close, and while formal in all financial matters, was informal otherwise. There was not a rigid hierarchy but a system which allowed for a very free flow of ideas, and stimuli, both ways. It was not axiomatic that a member of the Group Board was a more important member of the Company than a senior executive running a big Division. The Directors took the view that the jobs were different, and in some cases required different qualities. The system hung together because of a highly developed sense of common purpose, and mutual trust.

The Recession

Preparations had been made to meet the anticipated downturn in trade. In the event, the fall away in world textile business which started in the months July to October 1974 according to country, gathered force and business fell off at an alarming rate.

The year 1975 had continued to be disastrous, worldwide. The fall off in man-made fibre demand had varied from 40% to 55% in the various national markets, and in the case of specific man-made fibres the fall off reached the almost unbelievable figure of nearly 70%. The natural fibres had also been affected. The acuteness and suddenness of the recession was worse than anything previously experienced in the post-war years; and in some cases the decline had been worse than in the depression years of the 1930's.

There had been no enormous fashion changes, or sudden and dramatic reductions in the offtake of textile products by the final consumer, to match the abrupt fall off in business for the more primary products of the textile chain. What obtained was widespread loss of confidence, and a realisation that prices could go down quite quickly in contrast to any previous rise; a consciousness that stocks right throughout the so-called textile chain or pipeline were unduly high, and very expensive to finance; and more than anything else a sudden knowledge that so far from the world suffering from a fibre and textile shortage which was likely to grow – a view held in various quarters in the early months of 1974 – the world on the other hand was in a situation of textile glut. So everyone decided to live on stocks, and to a large extent had been doing so.

The Group's packaging interests, which did exceptionally well in 1974-75, had in the new financial year suffered a similar decline to that in textiles.

Paint, the Group's other considerable interest, also did well in 1974-75, and had so far remained in good shape. It was the current bright spot in an otherwise dismal scene.

Costs

A phenomenon which had affected the Group very sharply was the increase in costs at a time of falling demand, and of dramatically falling prices in all the world's export markets. The people who worked for the Group in the UK naturally expected to see their salaries and wages go up the same as everyone else's in a time of rapid inflation. The great majority of employees had accepted that the Company had been having severe problems, and while strong in pressing their claims had in the event accepted settlements which by and large had been within the terms of last year's so-called "social contract". This had given them increases of 20%-30%, with the better paid people doing relatively worse than the lower paid people. But at various sites, and with certain groups, there had been absolutely flat refusals to accept that there had been any case at all for moderation. Recent events should put a stop to unrealistic propositions but it did require the best endeavours of political leaders, TUC leaders and industrial leaders, to bring home the elementary truth that the coat had to be cut according to the cloth. The basic cause of inflation in this, our great country, had been unrealistic expectations. Most people knew this and accepted it. But they had also felt that if so many other people were able to ignore realities, to their own advantage, they might as well try to get similar treatment for themselves.

Besides increased labour costs, which because of the state of the market had only in part been offset by productivity gains, there had also been sharp increases in the costs of many of the things the Group bought.

The major preoccupation had been to keep the Company viable, in spite of being in the nutcracker of falling output and falling prices on the one hand, and rising costs on the other. It had, indeed, been the most difficult period in the Company's experience.

The Present Position

A good cash position had been maintained. Obviously, there were not the same cash resources as at balance sheet date. But they still amounted to £100 million. The Group had unused facilities with the Clearing Banks of a quite substantial character, and in addition had arranged roll-over stand-by loan facilities from two separate Banking Consortia, amounting in total to some £80 million. It was doubtful whether the Group would need to use these facilities to any great extent, although when trade recovered there would be a bigger need for working capital, but they did represent a powerful insurance.

The half-yearly profit figures, to be published in November, would show a major fall on the figures for any recent period. But based on the known results for the first three months, the Group would still be "in the black", and the normal interim dividend would be covered.

The Outlook

The Directors now saw that this extraordinary fibre and textile recession would have its end. The market was improving in the United States. The overfull pipelines everywhere were emptying, and inputs would soon match offtakes. The United Kingdom market itself was now showing signs of upturn in a number of areas. The Group's major interests in Europe were expected to start showing improvement after the holidays. The second half of the financial year should therefore show an improvement on the first half. The size of the improvement was impossible to forecast, but it would gather momentum from the autumn on, and 1976-77 should see much better times. The Company would have gone through one of the biggest trials it had ever faced with its morale unimpaired, with its relative strength increased, and in a splendid position with all its new plant and equipment to take advantage of the opportunities of the coming years.

Industrial Partnership

In conclusion, the Chairman said: "The Group's greatest sources of strength lie in the quality of its management, at all levels, and in the diligence and skills of those who work for it. We have always worked internally to develop an open style of management, and with the ferment of change more active in our industrialised society, we hope to move steadily towards a more effective partnership between all those who work for Courtaulds, whatever their jobs. The main requirement for progress, real progress, is a general acceptance of the truth that Industrial Democracy carries with it Industrial Responsibility, with all that this implies."

1968 BULL ROYD MILL RESEARCH DIVISION SYNTHETIC FIBRES DIVISION

1969 BULL ROYD MILL RESEARCH DIVISION SYNTHETIC FIBRES DIVISION

1970 RESEARCH DIVISION SYNTHETIC FIBRES DIVISION VISCOSE DIVISION

1971 DOURYELLE DIVISION EXQUISITE KNITWEAR LIMITED

1972 COURTAULDS LIMITED

1973 RESEARCH DIVISION

1974 BRITISH CELLOPHANE LIMITED VISCOSE DIVISION

1975 BRITISH CELANESE LIMITED

The Resolutions for the adoption of the Directors' Report and the Accounts, for the re-election of Directors, and for the payment of the final dividend on 31st July were carried at the Annual General Meeting held on 23rd July 1975.

Copies of the full Statement and of the Annual Report can be obtained from The Secretary, Courtaulds Limited, 18 Hanover Square, London W1A 2BB.

Sté Generale de Banque to raise B Frs. 4bn.

BY DAVID CURRY

BRUSSELS, July 23.

SOCIETE GENERALE de Banque, Belgium's biggest bank, is likely to raise some B.Frs.4bn. (around £48m.) as the result of a *simultaneous share and bond* issue to be made in September.

In the first place the bank is to issue between 823,000 and *910,000 new shares, the* exact number depending on how many holders of existing convertible bonds convert into shares to take *advantage of the preferential* offer. The issue price has not been fixed, but shareholders will be able to buy one new share for *every five shares previously held.*

As the yield on the convertible bonds is well ahead of possible earnings on the shares, minimal *conversion is likely, so that the* bank is probably budgeting on issuing some 825,000-850,000 new shares, representing an increase in nominal capital of some B.Frs. 825-850m.

The major existing shareholders will subscribe for the issue in equal proportion to their present stakes. The biggest shareholder is the Société Generale de Belgique with 22 per cent. of the capital. No other *shareholder represents more* than 10 per cent., the shareholders' register being dominated by institutional investors.

Simultaneously, the bank is making a B.Frs.2bn. ten year subordinated bond issue; again, the issue price and coupon is not yet known. It will be only the second bond issue in the bank's history, the first one being the convertible 1969-81.

Shareholders will be asked to approve the funding plans on August 12.

The reason for the two issues is the bank's need to preserve a balance between its own funds and clients' funds. Over the past four years the bank has had an annual 16.8 per cent. average increase in liabilities and it needs to cover this increase in liabilities to redress the financial balance and to stay within *ratios* laid down by the country's banking regulatory authority, the Commission Bancaire.

In addition, the bank has expanded its overseas activities rapidly and needs to account for this growth in its capital structure.

SGB ended last year with a balance sheet total of some B.Frs.446bn. (£5.44bn.) including some B.Frs.137bn. lent to the private sector and some B.Frs.130bn. lent to the Government. In the six months to the end of June, this advanced by nearly 9 per cent. to B.Frs.485.5bn.

Share capital and reserves, taking into account the existing *convertible bond,* amounted to some B.Frs.12.2bn. and total deposits were some B.Frs.245bn., including some B.Frs.130bn. in deposits from banks.

Profit must be treated very carefully, since in 1974 the bank stepped up amortisation very sharply from B.Frs.961m. to B.Frs.1.3bn.—and the earnings, in any case, are net of very extensive provisions. Net income in 1974 was B.Frs.1.3bn.

The bank has pursued a very cautious dividend policy with net dividends moving from B.Frs.140 to B.Frs.175 by small stages since the 1970 financial year. This policy will certainly be continued, and as the new shares will rank only from October 1, the dilution of capital will not impede the progress of the dividend rate.

Societe Generale de Banque, with some 40 per cent. of its assets invested in Government liabilities, represents a cross between a commercial bank and *a public institution. It plays a* central role in the Belgian economy and because of its importance can be regarded as *failure-proof in any conven*tional way. Its expansion into foreign activities recently reflects the importance of over*seas trade to the Belgian* economy, since this country ranks as the world's leading per capita exporter.

The bank is also heavily engaged in the financial markets, but it must be noted that some 80 per cent. of this market is in Government securities. On the international financial markets the bank is the leading operator in the country.

Belgian companies are reticent about giving financial forecasts, but 1975 seems to be on the way to becoming a good, but unspectacular year. The Government's lifting of the credit squeeze came half-way through the present year but with the time lag before these measures begin to be felt throughout the economy, the impact on 1975 results will be slight. However, their effect on 1976 activities together with *the reflation in some of* Belgium's major markets, and a possible hardening of interest rates should bode well for the bank's results in 1976.

Finally, the bank is no longer the undisputed master of the Belgian financial scene. The recent merger of the Banque de Bruxelles and the Banque Lambert has created a group with vital statistics, at least, just a short way behind SGB's. Although there are a lot of problems to iron out in the Bruxelles-Lambert situation it is felt that it will do the Société Generale de Banque no harm to have a competitor with more muscle.

SEC for Italian bourses

By Anthony Robinson

ROME, July 23.

ITALY'S LONG-PROMISED *equivalent to the Securities* and Exchange Commission has finally become operational with the task of regulating companies and shares traded on the nine Italian bourses in the over-the-counter market.

The new commission is called CONSOB (Commissione Nazionale per le Societa e la Borsa) and is headed by Sig. Gastone Miconi, former director-general of the Treasury.

One of the functions of the new commission will be to enforce the laws forbidding cross-holding or perteciipazioni incrociate, as they are called in Italian. This is part of the strategy aimed at making the Italian bourses attractive again to investors and rid them of their reputation for speculative activities and stock manipulation.

Meanwhile, political uncertainty, the depressed state of the economy and the progressive withdrawal of small and medium private shareholders from equity investment in recent years has brought the level of Italian share prices to their lowest level in 20 years.

Sperry Rand first quarter earnings up 10%

FINANCIAL TIMES REPORTER

SPERRY RAND'S net income for the first quarter ended June 30, 1975, rose to $29.16m. or 84 cents per share, up 9.9 per cent. over the $26.54m. or 77 cents per share earned in the comparable period last year. First-quarter revenue was $771.2m., up 8.7 per cent. Income and Revenue were records for the quarter.

The company reports that on a 12-month running basis, revenue for the 12 months *ended June 30, 1975, was $3.1bn.*, up 14 per cent. over the $2.7bn. for the prior 12 months. Net income was $134m. or $3.88 per *share, including $5.4m. or 16* cents per share from the sale of surplus land reported in the December, 1974, quarter. Exclusive of that gain, net income was $128.6m. or $3.72 per share, compared with $118.6m. or $3.44 per share for the 12 months ended June 30, 1974.

The prior periods' income amounts have been restated to give effect to the previously reported change in accounting for certain computer engineering costs.

"We are experiencing a mixed business pattern with total revenue, income and new order figures moving ahead, while individual product and geographic trends vary from strong *to predictably weak,"* said J. Paul Lyet, Chairman and Chief Executive Officer. Sperry's order backlog was $1.8bn., at June 30, *1975, approximately the same as* a year ago.

"We look for the present business pattern to persist in the *near future,"* Mr. Lyet said. "For example, new orders for fluid power products, which fell off in the fourth quarter of fiscal 1975, have continued off. Price constraints combined with excessive wage increases in several European countries are putting pressure on profit margins and we see little relief in sight."

Mr. Lyet reported that Sperry Univac computer bookings were well ahead of those in the comparable quarter last year and have been running at a particularly strong pace for the past six months. "Customers are responding very favourably to our new product programmes—particularly the new 90/30 medium-scale computer and addi*tions to the large-scale 1100* series. This has buoyed Sperry Univac's bookings performance despite the erratic industry-wide *demand for computers* around the world.

"In the farm equipment area, Sperry New Holland new orders and revenue were up over the June, 1974, quarter," Mr. Lyet said. "We anticipate slower growth in this sector compared to the exceptional growth of the past few years. However, domestic U.S. retail movement of products from our dealers to their customers this quarter appears stronger than reported industry figures."

$120m. for Brazil

By Mary Campbell

LATEST BRAZILIAN loan in the Euromarket is $120m. for Banco Nacional do Desenvolvimento Economico, the Brazilian development bank. The maturity is five years and the spread 1½ per cent. The loan is being managed by a group of seven banks headed by Chase Manhattan and Libra Bank.

Although this loan may cover BNDE's own Euromarket borrowing requirements for 1975, it is one of a constant stream of Brazilian borrowings in this market. Brazil's current account deficit in 1974 amounted to close on $7bn. (compared with $1.7bn. in 1973), with higher prices of oil, iron and steel the major factors. Although the deficit is expected to be substantially lower this year, it will still be considerable — perhaps $2-3bn.

Last year Brazil borrowed at least $1.7bn. in the form of Euromarket floating rate loans. Best estimates put the figure for the first quarter of this year at $325.5m.

Brazil's overall foreign indebtedness had reached $19.3bn. by mid-1975, an increase of $2bn. in six months, Sen. Mario Henriques Simonsen, the Finance Minister, revealed recently. It is expected to go to $21-22bn. by the end of the year. Debt service payments cost the country $1bn. in the first half of this year alone. Foreign exchange reserves stood at close on $5bn. at the end of March.

Steps to cut back the balance of payments deficit were taken by the Government in the second half of last year. The hardening of Euromarket conditions combined with the heavy foreign borrowing requirement also led the Government to cut the minimum maturity for foreign borrowing from ten to five years and to reduce the withholding tax rate from 15 to 5 per cent. The longer term outlook has been considerably improved by reports of substantial offshore oil discoveries.

BNDE itself, which is wholly owned by the Federal Government, has been a major force behind the high levels of investment in Brazil during the last decade. It disbursed new loans totalling $1.4bn. in 1974. Since last year, it has been particularly concentrating on industries concerned with import substitution and exports.

*

Imperial Chemical Industries' DM100m. seven year loan carries an 8.5 per cent. coupon and was priced at 99.5 per cent. as expected, Deutsche Bank said as co-manager. Yield of the loan, guaranteed by ICI and issued through its ICI International Finance Bermuda subsidiary, is 8.60 per cent., it added.

*

The Nisshin Steel $20m. five-year Eurobond was priced at 99½ per cent. with a coupon of 9.25 per cent., Baring Bros said as lead manager.
Reuter

Haw Par directors criticised

BY ILSA SHARP

SINGAPORE, July 23.

THE SINGAPORE Securities Industry Council to-day issued a harshly critical statement on the conduct of the Haw Par directors in the controversial but so far abortive Haw Par deal with Pernas, the Malaysian State trading corporation.

The statement cleared them of insider trading and of attempting the transfer of effective control without making an offer to minority shareholders. There was "reasonable doubt" of a breach of the insider trading rules, rule number 5, said the Council and "no actual breach" of rule 10 relating to transfer of effective control.

The Council, stating that the directors' conduct constituted a breach of the Singapore code on take-overs and mergers warranting "*public reprobation in the* strongest possible terms," found that they had breached three other rules in the code. These rules are: *Rule 5, relating to the* requirement to make a public announcement when there is a firm offer from a serious source —the Council said that there had been a "flagrant breach" of this rule; rule 20, relating to the deposit of all documents relevant to a take-over with the council —the council said that this was an "inexcusable disregard" of the code combined with a "regrettable lack of prior consultation"; and rule 32, requiring that the offeror should increase its offer to not less than the highest price paid for shares it had acquired in the market at above the offer price.

The Council's statement concluded that those who wished to have the facilities of the securities market should conduct themselves according to the code or they would find that these facilities would be "withheld from them." "This applies particularly to directors who have been entrusted with the stewardship of a publicly quoted company."

Haw Par is cleared of a breach of rule number 10 on the grounds that the directors had not yet transferred effective control although they had contemplated doing so, since the Pernas deal was made subject to the approval of the Council. In the case of rule 30 the directors had submitted that certain Haw Par share option sales negotiated for themselves by six executive directors with shareholding firms were nothing to do with the Pernas deal, although concluded almost at the same time.

But the Council added here that "it was within the powers of the executive directors when *the negotiations with Pernas* were coming to fruition to terminate any negotiations with regard to the option agreements *in order to avoid a possible* breach of rule 30, and common prudence should have suggested such a course of action."

While recognising the dangers of premature announcement in any takeover deal, the Council stated that there is no doubt in the Council's mind that by about the first week of May the two companies were already agreed on the basic terms of the offer by Pernas and were reasonably confident of a successful outcome of their negotiations. In the circumstances an appropriate announcement should have then been made in accordance with rule number 5. This was aggravated, said the Council, by rumours in the market at the time which had led to a local daily newspaper article. As to the directors' excuse that pressure had led them to commit the "technical" offence of failing to submit relevant documents to the Council "the Council had little sympathy with the directors' submission in this regard," it said.

Haw Par directors are reported to be reacting with *some relief over their apparent* clearance under rules 10 and 30 but they had yet to face the conclusions of the Stock Exchange *of Singapore's separate probe* into insider trading within the company under the Companies Act and the Singapore Government Finance Ministry inspectors' report on whether there has been any improper application *of company funds.*

Although the Council's statement cleared Haw Par to some extent to-day, its tone was critical, hitting out at the general attitudes and conduct of the directors, particularly their failure to consult the council: "this becomes inexplicable when the record shows that this particular Board of Directors has had more than average experience in dealing with the Council in regard to other take-over transactions."

OEIAG sales up, orders down

BY PAUL LENDVAI

VIENNA, July 23.

OEIAG (Oesterreichische Industrieverwaltungs), the holding company for the Austrian nationalised industries reports a 41 per cent. rise in the turnover total to a record level of Sch.80.3bn. (about £210m.) last year.

Presenting the report for 1974, director general *Dr. Geist* warned however that the order book at the end of May was 15 to 20 per cent. below last year's *levels in the steel, chemical and* non-ferrous metal sector. Heavy engineering, clerical and special steel industries reported satisfactory business this year, however.

Exports jumped by 56 per cent. to Sch.27.1bn. This in turn raised the export ratio from 30 to 33.7 per cent. of the sales total. The cash flow was Sch.9.4bn. (Sch.5.7bn.) and investments Sch.7.3bn. (Sch. 8.8bn.).

The improvement in earnings was *reflected in the dividends* paid by the companies which rose from Sch.185m. in 1973 to Sch.489m. last year. OEIAG itself announces a dividend of 3 per cent. on the Sch.3.5bn. capital.

Dr. Geist reaffirmed his demand for increased decision-making power for the holding company. Investments in the *entire nationalised sector will* total Sch.40bn. in the 1975-79 period.

Despite the deterioration *expected for 1975,* Dr. Geist was optimistic with regard to medium-term prospects. Thus he reckoned with annual growth rates of 4 per cent. for the steel industry, and the petroleum sector, 6 to 7 per cent. for the electrical and chemical industries and 5 to 6 per cent. for the engineering sector between 1976-80.

Price curbs hit Esso Italiana

By Anthony Robinson

ROME, July 23.

ESSO ITALIANA, the wholly-owned Italian subsidiary of Exxon, has just announced a L16.6m. 1974 loss which it blames on the Italian Government's refusal to raise prices to compensate for the higher crude prices.

Oil product prices in Italy are fixed by the Government's price body, CIP, through a controversial system which all the oil companies, including the State-controlled AGIP subsidiary of the ENI Group, claim fails to compensate for higher crude and other prices. It is a situation which has led major internationals like Shell and BP to abandon the Italian market and sell their refineries and service stations.

But the credibility of the oil companies generally in Italy has been severely compromised by the confirmation of heavy payments to Italian political parties. The Communist Party is the only one to react to these revelations by denying completely Exxon chairman Mr. Jamieson's statement that $88,000 may have found their way indirectly into Communist Party coffers.

Esso Italiana chairman Sig. Aldo Sala swears that Esso *has made no payments to the* political parties since he replaced Sig. Vincenzo Cazzaniga three years ago. But he makes *no secret of his belief that the* Government's refusal to raise prices, its failure to keep the oil companies properly informed of its energy policy plans and requirements, and other matters, is to some extent at least a consequence of the drying up of political contributions from the oil companies.

Creditanstalt advance

BY PAUL LENDVAI

VIENNA, July 23.

CREDITANSTALT Bankverein, Austria's leading credit institute reports a 9.9 per cent. increase of the balance sheet total to *Sch.78.3bn.* during the January-June period this year.

Reflecting the sudden slackening of the economic upswing, commercial *credits during the* period expanded by only 3.2 per cent. to Sch.41.8bn. Operating revenues were said to have improved "*somewhat*" compared to the same period last year. The expansion of total assets was primarily due to the rise in deposits and the broadening of foreign business.

The liquidity reserves ratio of Creditanstalt were at 44.3 per cent. well above the prescribed ratio of 40 per cent. While *ordinary savings deposits* were up only by 4.5 per cent. or by Sch.549m., bank, mortgage and communal bonds with a higher *coupon showed a 17.3 per cent.* increase to Sch.1.3bn. A Sch.400m. loan floated by Creditanstalt in April was oversubscribed.

The bank increased its Vienna branch offices during the period to 53 and opened a representative office in Budapest, the first Western bank to do so.

Volvo/DAF returning to normal

By Michael Van Os

AMSTERDAM, July 23.

VOLVO CAR B.V. (the new name, since May 1, 1975, of the Dutch car manufacturer DAF) said in Born that it is to resume normal working hours on August 11. This had been possible in view of the improved stocks situation and better sales prospects.

The company said that it will return to the full 5-day week next month, having operated only three days a week this year. It had lost more than 60 days' production in 1974 as a result of short-time working which was introduced shortly after the energy problems in 1973.

A spokesman said that the end of short-time working next month did not mean that the company was expected to return to profit this year.

Wienerwald franchising

By John Wicks

ZURICH, July 23.

THE WIENERWALD restaurant and hotels group, headed by the Swiss holding company Wienerwald Restaurants, is to concentrate in the coming years on the extension of its franchising business. The founder of the group, the Austrian restaurateur Friedrich Jahn, intends to expand the network of German "Wienerwald" restaurants by a chain of independent franchise-holders eventually to reach over 100, as well as granting ten franchises in South Africa.

Objection to HK Gas bid

HONG KONG, July 23.

THE HONG KONG Government is studying a joint letter from 11 industrial municipal associations calling on it to hold an *enquiry into the bid for* Hong Kong and China Gas Company by Hong Kong Electric Company, a spokesman for the Colonial Secretariat said.

No decision has been taken on the letter, which raises objections to the bid on the grounds of the undesirability of merging utility companies, the possibility of higher gas charges and the cash element in HK Electric's offer.

The spokesman noted that the Government has no statutory power to prevent a takeover.
Reuter

Schickedanz sees good start to 1975

By Jonathan Carr

BONN, July 23.

THE SCHICKEDANZ trading organisation saw its net profit drop in 1974 to DM52m. against DM93.7m. in the previous year. But it carried out a major strengthening of reserves, increased its market share in West Germany, and expects further progress this year.

The home trading group saw sales rise by 11.5 per cent. to DM5.7bn. against an average gross for the West German retail business of 5.8 per cent. Add in the Schickedanz concern's subsidiaries in France and Austria and a total turnover was achieved of DM6.4bn., that is, DM700m. more than in 1973.

As for the first half of 1975, turnover was up by 8 per cent., while the Quelle subsidiary, reputedly the largest mail order house in Europe, registered a sales increase of 10.5 per cent. Clothing and electronic calculators registered above-average growth, while below-average sales performances came from television sets, furniture and household articles.

The concern expects a similar sales development in the second half, but believes that it will profit as the economy begins to pick up, and a cost-conscious *public begins to buy more but* at the lower end of the price range, where Quelle has so much more to offer.

In consequence, the autumn-winter catalogue is being considerably enlarged even beyond the summer issue, which itself covers more than 40,000 items. Investment should be around DM80m. this year—that is, almost double that of 1974.

Company Results

Alcan earnings drop sharply

● Alcan Aluminium second quarter earnings fell sharply to 12 cents per share ($1.32) or net of $4.3m. (45.5m.) on revenues of $579.9m. (637.2m.).

Earnings to date in 1975 reflect depressed demand for aluminium in all of Alcan's principal markets and rapidly increasing costs compounded by reduced levels of production and sales. The business slump has had major impact on its principal operating subsidiary, Aluminium Company of Canada, whose consolidated loss of $1.1m. on North American and Caribbean operations for the first six months of 1975 represents a drop in net income of $38.6m. over the corresponding period last year. This loss was about $600,000 in the second quarter and $500,000 in the first.

The company stated its profit margins had dropped in all markets. The decrease in sales volume had been greater in the U.S. than in other markets but the impact of inflation on costs had been less severe in that market than in other countries.

● Kaiser Aluminium and Chemical is paying a quarterly dividend of 30 cents per share.

● Goodyear Tire and Rubber second quarter earnings rose to 70 cents per share (66) or net of $50.2m. (48.2m.) *on sales of* $1.42bn. (1.37bn.).

● Carborundum net income for six months to June 30 totalled $6.79m. ($6.67m.) or $1.75 per share ($1.72).

● Babcock and Wilcox expects to report that profits in the first six months were "a bit better," while sales increased "a fair amount" compared with the first half of 1974. The company reported net earnings of $17.4m. or $1.44 a share, on sales of $588.7m. in the first half last year. In the first quarter this year its earnings rose 25 per cent. to $10.2m., or 84 cents a share, over first quarter 1974 earnings of $8.1m., or 67 cents a share. Sales rose 22 per cent. to $350.5m., from $287.6m.

● Zapata reported net income of $7.74m. for the three months ended June 30, compared with $5.87m. last year. Income per *share was $1.41, or $1.76 on a* fully diluted basis, compared with $1.34 and $1.11 respectively, for last year's third quarter. Revenues totalled $86.71m. compared with $79.18m. in the 1974 quarter.

Mr. William H. Flynn, chairman and president, said that the company's record results benefited from continued gains in its offshore drilling, marine services and coal-mining operations over the year-earlier period, but were *hampered by continued reduced* world price levels for copper concentrate and fish meal.

UIB profits higher

BY MARY CAMPBELL

UNITED INTERNATIONAL BANK, the London consortium bank established in 1970, recorded pre-tax profits of £0.6m. in the first half of this year. The comparable figure last year was £0.4m.

Total assets rose from £163.5m. *to £174.5m. during* the first half.

Profit growth came both from increased margins on lending and increased fees. Fees continued to represent about 12 per cent. of earnings.

The bank's office in Abu Dhabi has now become an important source of funding, particularly for maturities of six months or more, Mr. Alberto Weissmuller, managing director, said yesterday.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	CONVERTIBLES	Bid	Offer
Amax 8½pc 1986	99	100	American Express 4¼pc '87	88	90
Ashland 8pc 1987	92½	93½	Ashland 5pc 1988	80	82
Austrowiss 8pc 1987	89½	90½	Beatrice Foods 4¼pc 1992	94	96
BFCE 9pc 1989	98½	99½	Beatrice Foods 4½pc 1992	96½	98½
Borregaard 8½pc 1989	94½	95½	Borden 5pc 1992	93	95
Carrier 8pc 1987	91	92	Broadway Hale 4½pc 1987	76	78
Conoco 8pc 1985	96½	97½	Canon Camera 7¾pc 1989	91	93
Consol. Foods 7¾pc 1991	86½	87½	Carnation 4pc 1987	87½	89½
Cutler Hammer 8pc 1987	91	92	Chevron 5pc 1988	100½	102½
EIB 9½pc 1985	101	102	Dart 4¾pc 1987	87	89
Esso 8pc 1986 Nov.	98½	99½	Eastman Kodak 4½pc 1988	112	114
General Cable 8½pc 1987	89½	90½	Economic Labs. 4½pc 1987	84	86
General Motors 8½pc 1985	102	103	Fidal 7¾pc 1989	84	86
GTE 9¼pc 1980	97	98	Ford 5pc 1986	84	86
ICI 7¾pc 1982	78	80	Ford 5pc 1988	74	76
Nat. Grindlays 7½pc 1987	77	79	Fuji 6½pc 1993	110	
Pacific Light 9pc 1986	91	92	General Electric 4¼pc 1987	84½	86½
Prov. of Quebec 7¾pc 1985	88	89	Gillette 4¾pc 1987	77	79
Quebec Hydro 8½pc 1989	96	97	Gould 5pc 1987	83	85
Queensland 8½pc 1987	88	89	Halliburton 4¼pc 1987	129	131
Scanraff 9½pc 1988	97	98	Harris 5pc 1992	86	88
Shell 8pc 1980	97½	98½	Hitachi 6¼pc 1984	102	
Stand. Oil (Ind.) 9½pc 1980	99	100	Honeywell 6pc 1986	79	81
Tenneco 7¾pc 1987	88	89	ITT 4½pc 1987	70	72
Transocean 9pc 1986	98	99	Komatsu 6¼pc 1984	136	
TRW 8½pc 1986	96½	97½	J. Ray McDermott 4¾pc '87	147	149
Utah 8pc 1987	92	93	Mitsui 6¼pc 1989	141	
Volvo 9½pc 1985	99	100	J. P. Morgan 4¾pc 1987	121	123
NOTES			Motorola 4½pc 1983	118	120
Air France 9¼pc 1982	101	102	Owens Illinois 4½pc 1987	89	91
Australia Ind. 10¼pc 1981	103	104	J. C. Penney 4¼pc 1987	84	86
Barclays 7¾pc 1978	97	98	Pioneer 6¼pc 1989	127	132
Cie Natl. Rhone 10pc 1982	103	104	Rand Selection 6½pc 1986	94	
Du Pont 7¾pc 1978	101	102	Rank 4½pc 1995	42	44
Exxon 7¾pc 1978	100	101	Revlon 4½pc 1987	98	100
General Motors 8½pc 1978	101	[illegible]	Sperry Rand 4¼pc 1987	87	89
Marubeni 9¾pc 1982	100	101	Squibb 4¼pc 1987	87	89
Nippon Fudosan 10½pc 1981	102	103	Toshiba 6½pc 1985	113	
Skandinaviska E. 10½pc '81	103½	104½	Union Carbide 4½pc 1982	104	106
Tenneco 7¾pc 1978	97	99	Warner Lambert 4½pc 1987	94	96
Tokyo Curacao 10½pc 1981	102	103	Warner Lambert 4¼pc 1988	80½	82½
			Xerox 5pc 1988	76	78

Source: White Weld Securities. Source: Kidder Peabody Securities.

WHITBREAD

AND COMPANY LIMITED

In his statement for the year ended March 1st, 1975, the Chairman, Mr. Alex Bennett, reports:—

It has been a difficult and frustrating year in that good trading, with beer sales far better than the industry as a whole, has been nullified by the high costs of inflation, particularly wages and salaries, by the restrictions of the Price Commission, by higher interest charges, by shortages of packaging materials and by unofficial industrial action, together adding up to a disappointing reduction in profits.

All these factors and the additional working capital needed to run the business, coupled with the uncertain economic climate, have compelled a cut-back in our investment programme on both production and trading.

We have also been faced with a series of Government measures calculated to destroy the confidence of industry, and which are bound still further to depress investment, endanger employment and create short-time working.

Record trade in a frustrating year

ACCOUNTS

Despite difficult trading conditions, turnover in 1974/75 (52 weeks) at just under £340m., as against £285m. for 1973/74 (53 weeks), showed an increase of 19.2%. On a comparable 52 weeks basis, the increase was 21.5%, which just about kept pace with the rate of inflation.

We have reflected the recommended accounting treatment for "Extraordinary items and prior year adjustments" in our accounts, and the appropriate adjustments have been made to the 1973/74 figures.

As the Profit before Taxation and Extraordinary Items is not directly comparable with the previous accounts, which covered 53 weeks trading, we have made the appropriate adjustments in order to provide a more accurate comparison.

On a similar 52 weeks basis, Profits before Taxation and Extraordinary Items for 1974/75 were £21,457,000, as against £25,672,000 for 1973/74, a decrease of £4,215,000 or 16.4%.

Profit after Taxation and Extraordinary Items increased to £12,419,000 as against £11,852,000 for 1973/74, an increase of £567,000, or 4.8%.

A reduction in profits before tax for the full year of over 16% is disappointing but, as at the half-year stage they showed a reduction of 23%, it is encouraging that profits for the second half-year were under 6% down compared with the same period last year.

Shortages of packages from suppliers, particularly bottles and cans, meant that we had to buy a proportion of these from overseas, and this cost us an additional £1.3m. which was a direct charge against profits.

The final dividend recommended of 2.0635p per share will make a total for the year of 2.9385p per share, 17.9224% gross. This compares with 16.2932% gross for the previous 53 weeks and represents an increase of 10%.

PRICE COMMISSION

The restrictive penalties of the Price Code inevitably led to lower profit margins and in the present economic situation, with the ever-increasing inflationary costs of wages, salaries, materials and services, it is not possible to offset all of this profit erosion either by higher operating efficiency or by volume increase.

In response to continued pressure from industry, and in recognition by the Government of the depressed level of profits, cash flow and investment, changes were made to the Price Code in November 1974, reducing the productivity deduction from 50% to 20% on the increase in wages and salaries, and giving some relief on certain investment expenditure.

Whilst this small assistance to our problems is welcome, these measures were insufficient and too late to make any major impact on our forward planning, and the concessions under the productivity deduction were of no benefit to us in the year under review.

TAXATION

The year's exceptionally large capital expenditure programme attracted sufficient taxation allowances to defer to a later year the whole of the Corporation Tax on the profits. The amount of tax deferred in this manner has, therefore, been transferred to the credit of the Deferred Taxation Account.

CASH

Our Capital Expenditure during the year totalled £44m. as against £33m. the year before. A total of £24m. was spent on production and distribution facilities to provide for expansion and increased efficiency, £14m. on public houses and free trade loans, and the remainder on other sundry assets and investments. In continuation of our policy, we realised £4m. on sales of property for partial funding of our expansion plans.

To conserve cash resources, successful efforts were made to control the inflation of stocks and debtors, which were contained to an increase of 11.2% over the previous year. In view of the uncertainty of the economic climate, when the opportunity arose we decided to fund over £26m. of our requirements in medium term facilities.

In the current year, the capital investment programme has been drastically reduced to the level that can be covered by cash flow, which is a difficult task in a time of galloping inflation. However, your Company, along with many other brewery concerns in the United Kingdom, is faced with providing capacity for brewing the increasing amount of lager which the public are demanding, and will require in the future, and this has already meant the construction of two new breweries. The third one has had to be delayed but it cannot be postponed much longer if we are to provide the lager likely to be needed in the 1980s.

PROPERTY

As intimated in the 1973/74 Report, all properties of the Company have now been revalued by chartered surveyors of the Company. The basis of valuation was conservative and produced a total of about £305m. as at 30th June 1974, an increase of £115m. on the previous book value. Since this date and the end of the financial year, £3.6m. has been raised from the sale of properties, which was 38% more than the valuation figure. Obviously these figures have been helped in some cases by obtaining higher than normal offers from special purchasers.

BEER SALES

Trading was good but we had to increase our prices on most products to keep pace with inflationary costs, mainly wages and salaries.

Beer volume was significantly greater than in 1973-74, itself a record year. This growth was achieved in a static market, and we gained market share accordingly. It reflects, we believe, the strong demand for our unrivalled range of nationally distributed brands.

Chief among the adverse factors was the extremely poor summer weather. As if the opposition of the elements was not enough, however, we had also to contend with a shortage of packaging material.

Despite all this, growth was achieved, led by a substantial gain in the free trade, where our products are sold by a great many clubs, free houses and public houses owned by other brewers.

The trend towards draught beer continued, and was dominated by two national brands, Whitbread Trophy Bitter, the popularity of which continues to thrive throughout the country, and Heineken lager, which forged ahead at almost twice the rate of the total lager market. Tankard continued to enjoy a large demand in the premium sector.

Packaging shortages thwarted our ambitions for most of our bottled beer brands but Gold Label and Brewmaster continued their upward trends, with Mackeson and Whitbread Pale Ale giving solid support.

We created a major assault on the Take Home market in 1974 by creating a separate force of specialist salesmen calling exclusively on multiple grocers and supermarkets. This Take Home Division made a promising start, and should be making a significant contribution to our profits in 1975.

To support the drive for Take Home sales, we now have a full range of brands in cans for this sector. This year we added Gold Label and Brewmaster. The lion's share of our canned volume again came from Heineken, which is now far and away the biggest selling brand of canned lager on the market.

WINES AND SPIRITS

Stowells of Chelsea Ltd. had another successful year and increased their market share within the free trade.

Trading conditions became progressively more difficult as the year advanced and the market for cheaper wines has undoubtedly increased at the expense of more highly priced products. However, happily our stocks of fine wines are not excessive, compared with our current level of sales.

Our managed retail shops, Threshers and Mackie's, have had another excellent year for sales but fierce competition in the High Street, together with the high level of the increase in rates of remuneration in the retail trade, has had its effect on profit margins.

Langenbach, in our first year of ownership, has shown an increased volume of sales, although, in common with all producers in Europe, profits were affected by the high level of stock-holding by this Company in Germany. We have taken a number of steps to develop our Langenbach trade in the U.S.A., and have every confidence that this will show results during 1975 and in future years.

Together with most producers, we have found this a difficult year for obtaining sufficient supplies of bottles, which has necessitated having a substantial quantity of our wine bottled abroad, with consequent cost penalties.

During the year, we have established a large new bonded warehouse at Gloucester, which we are confident will enable us to improve our services to our customers in the West Country.

SOFT DRINKS

Our Soft Drinks business has continued to grow with substantial gains in the licensed trade with the Rawlings mixers, fruit juices and squashes. There have also been significant improvements in the sales of canned drinks, mainly in the multiple grocery trade.

The sales volume of our 26-oz. family size lemonade and other flavours has held up well, considering the poor summer weather and shortages of bottles.

The profitability of the Division has, however, unavoidably suffered as the result of the enormous increases in sugar prices during the year.

I believe that the current year will see a full and profitable contribution from R. White's and Rawlings.

THE TENANTED ESTATE

Much has appeared in the Press and Parliament concerning the alleged severe increases in public house rents, following the Government Order in early 1975 which enabled brewers to increase them to an economic level subject to certain conditions.

These so-called massive increases mainly arise from the periods of restriction and restraint which have resulted from Government policy since 1966. It is often forgotten that a general freeze was imposed by the then Labour Government in that year, followed by a period of severe restraint in 1967, which continued until 1972, to be followed in November of that year by an absolute freeze of business rents under Phase I, the only exception being 12½% increase allowed on the cost of improvement.

In our case, a policy decision was taken in December 1969, whereby restrained rent increases were implemented but we gave our tenants an undertaking that their rents would not be reviewed for five years in normal circumstances. This has meant that our long-serving tenants have enjoyed an exceptionally low rent for five years, and the great majority of them fully understand that rents must become more realistic simply in order to pay for the ever-increasing cost of maintaining their houses, where we accept full responsibility for all repairs and decorations, with the exception of the decoration of their own living accommodation. We have taken the greatest trouble to see that our policy on rent has been fully explained to our tenants, and to make sure that our negotiations have been conducted in a fair and reasonable manner, and strictly within the Code of Practice agreed between the Brewers' Society and tenant licensees, and which has the full approval of Parliament. This Code offers a guarantee of fair dealing, and states specifically that where settlement cannot be reached by negotiation an independent arbitrator should be called in to adjudicate.

Throughout the year, we have continued to maintain the closest contact with the leaders of the Retail Trade, and fully support their action in re-structuring their organisation to bring about one national body of tenants from the 1st January 1976, which I believe will be of the greatest benefit to the industry as a whole.

THE MANAGED ESTATE

The economic situation has necessitated a severe curtailment in investment in our managed estate, particularly in the development of catering houses, which have proved so popular with the public, and in the building of new licensed houses in development areas. Government policies, which have led to such a shortage of cash, have inevitably meant a slowing down of the growth of our retail profits, and also that badly needed facilities for recreation will be lacking in redeveloping areas of our existing cities and new towns. Furthermore, the cost of building new licensed houses, coupled with rigid control of prices we are able to charge in such houses, makes it almost impossible to generate a worthwhile return on the capital invested.

During the year we have enjoyed good relations with our managers who, with their wives, work long hours in providing good service to the public, and we fully appreciate their effort.

I am particularly concerned at the increasing number of outbreaks of violence and hooliganism, and jointly with our licensees, whether managers or tenants, we have taken steps to bring to the attention of the authorities this particularly unpleasant threat they all have to face in running their houses. I feel strongly that the pub must be maintained as the traditional meeting place of the community, where people from all walks of life can meet in an atmosphere of peaceful enjoyment, and that anyone guilty of violence in them should be dealt with by the utmost severity of the law.

PRODUCTION AND DISTRIBUTION

Despite all the pressures to achieve still greater economies, your Board is resolved to maintain the high quality of your Company's products. The high increase in the prices of many of our raw materials and packages also makes it a matter of the highest priority to ensure the optimum quality of our purchases of these materials.

The continued increase in demand for certain of our products has made it necessary, looking to the future, to undertake further expansion of our production facilities, particularly at Luton and Samlesbury. In addition to expanding the brewing capacities in both these breweries, we have installed a new canning line at Samlesbury capable of producing 1,000 cans per minute, and a new bottling line for half-pint bottles.

The demand for Gold Label has necessitated the expansion of brewing and bottling facilities at our Sheffield brewery.

In order to improve our service to customers, we have opened eight new depots, located near Blackburn and Sheffield, and in London, Hoddesdon, Bristol, Gloucester and Truro. Two further depots at Cardiff and Poole are in the course of construction.

This completes the current phase of investment in new facilities and modernisation, and leaves the Company well placed geographically, with modern distribution facilities, to meet the future needs of the business.

The Distribution function is now concentrating on improving systems and methods. We have embarked upon a major programme involving new packaging, new palletisation techniques, new equipment and the introduction of a new range of customer delivery vehicles.

MANAGEMENT

As mentioned in last year's Report, Mr. C. H. Tidbury succeeded me as Chief Executive in October 1974.

Early in 1975, Mr. J. A. R. Kay retired from your Board after fourteen years with the Company, during which time he has made a notable contribution towards its effective management. We wish him a very happy retirement.

Mr. A. G. Burnaby-Atkins retired from the Board on the 31st March this year but remains a consultant to the Company. Mr. C. G. Stow will retire from the Board on the 31st July. We are grateful to them both for their considerable contribution towards directing the Company's affairs over many years.

Mr. A. E. Waddington and Mr. H. L. Jenkins have been elected to the Board. Mr. Waddington has been with the Company for 43 years, of which he has been Secretary of the Company for eighteen years, a position he will be relinquishing later in the year in order to concentrate on investment and financial planning. Mr. H. L. Jenkins, who has carried out nearly every responsibility on the Sales side during his 40 years with the Company, has been appointed Chairman of Whitbread London, Whitbread Fremlins and Scotland. Both will add strength to your Board, and you will be asked to re-elect them at the A.G.M.

Mr. R. E. Gillah will succeed Mr. Waddington as Company Secretary on the 1st July.

Mr. H. R. Pollard has been appointed Treasurer and a Specialist Director of the Company.

INDUSTRIAL RELATIONS

The unprecedented rate of inflation during the last twelve months inevitably increased the stress and strain of the year's wage negotiations, which is fully understandable in a situation where everyone in the business is faced with the same problem—how to cope with the ever-increasing cost of maintaining our families and our homes.

It speaks much for the underlying stability in the Company therefore, that, in spite of all these pressures, the great majority of our people kept to our negotiating procedures, so that we were able to conclude fair and acceptable wage settlements almost everywhere with understanding and goodwill.

Unfortunately, in a few areas, the outlook is far less encouraging, and I find it difficult to understand why a small minority are only too ready to ignore agreed procedures and cause damage to the Company through unofficial industrial action at a time when we should all be pulling together for the good of all.

During the second half of the year, many thousands of barrels of trade and about £1½m. in profit were lost to the Company, due to such action.

We have reviewed our consultative arrangements throughout the Company, and these will be improved and strengthened during the coming year, so that I hope our people may more clearly understand our objectives, and the reasons for them, and can then contribute their own ideas towards their fulfilment, so I believe it to be of paramount importance for the future that we take steps to disseminate more information about the Company's activities. This process of dissemination requires skills, and therefore training, at all levels of management.

The business environment in which we work is changing with ever-increasing speed. In order that management may be equipped to react to these changes, your Board considers it essential to lay special emphasis on the importance of training and retraining.

OWN AS YOU EARN SCHEME

You will have noted in the Directors' Report that the Company is about to offer an Own As You Earn Scheme to employees. This scheme will be available to all the Company's U.K. employees who have completed five years' service and are over the age of 25.

Your Board has decided to use the new Government index-linked Save As You Earn Scheme as a basis for the savings necessary for employees to partake of the new Scheme.

The object of the Scheme is two-fold: first, to make available for employees a scheme which will enable them to make savings on very advantageous terms and, secondly, to provide a scheme whereby people who work for the Company can feel they have a genuine self-interest in ensuring that we remain profitable.

CHISWELL STREET

Last year I was able to report that the Company had obtained one of the last major Office Development Permits to be issued before the freeze on such permits took place. This permit provided for a total of 650,000 square feet of office space to be built on our site. We made a planning application in February 1974 which conformed to the evidence which we gave to the Greater London Development Plan Inquiry and to our Office Development Permit. We did not, however, have the benefit of discussion with the various Planning Authorities, and we have subsequently identified a number of opportunities to improve the general composition of the scheme in consultation with the Greater London Council, giving detailed consideration along the lines recommended by the Layfield Report.

As a result of these discussions, we are now anticipating a slightly reduced office content and an increase in the social content of the site compared with our original thoughts. This, in turn, will lead to a much more intimate scale of development, with more of the existing buildings being retained, and this will also help to retain the traditions of the site.

In addition, the development will provide the opportunity to extend the Company's association with the local communities and, at the same time, help the City of London to maintain its importance as a financial centre of Europe and of the world.

The ultimate aim of the Community Land Bill, which the Government propose to introduce next year, is to make local authorities responsible for major development. In the meantime, we believe that as responsible owners of our site, which we have occupied for more than 200 years, we have a duty to press on with the development proposals in the interest of the local communities, the Company and the economy as a whole. For these reasons, we are doing everything possible to achieve planning permission and the commencement of the redevelopment within this current financial year.

OVERSEAS

After the fall off in trade in Belgium reported last year, sales once more recovered during the period under review. Most encouraging have been the trends shown by our Pale Ale and Campbell's Scotch Ale. We are most grateful to Artois S.A., whose continued and increasing support has enabled us to maintain a buoyant position in a rather depressed market.

Our major new venture in Europe during the year has been the acquisition, in partnership with Heineken N.V. of Holland, of a controlling interest in the second largest brewery company in Italy, Birra Dreher S.p.A. This is the beer market with, perhaps, the greatest potential for development in Europe, and, in the longer term, we have great hopes of a significant contribution to our profits from this source in the future.

Exports to the U.S.A. have continued their upward trend. Sales of Mackeson brewed under licence by Desnoes & Geddes in Jamaica have increased and, with the management of the National Brewing Company, our Mackeson Licensees in Trinidad, now being undertaken by Heineken, we are confident that the favourable trend in this market will also continue.

As mentioned last year, other licensing opportunities for our products have been identified in South-East Asia, and these are being followed up with a market test in the area. We are also well advanced in our planning for a new development in New Zealand.

LONG JOHN

You will have read in the Press that we have recently made an offer for Long John International Limited, whose main brand, Long John whisky, has a world-wide reputation, and has particularly strong sales in France, Italy, Spain, Sweden and other European countries. In all, it sells in over one hundred countries. It owns five Scotch whisky distilleries, of which four produce malt whiskies. Apart from Long John itself, the main blends are Islay Mist and Black Bottle, and the malts Tormore and Laphroaig. It also owns two important brands of gin, Plymouth and Seagers.

It has been your Company's objective for some time to increase our interests overseas, and Long John will help towards achieving this, in that 70% of its profits are made outside this country, and the expansion of whisky sales abroad will be complementary to our efforts to develop in the beer markets of the world.

THE FUTURE

The new financial year started well with good beer sales in March and April, followed by a cold May, some snow in early June, and then a heatwave towards the end of the month. All this resulted in sales for the four months being about level with last year, with the familiar pattern now of draught bitter and lager going strongly ahead, with bottled beers generally down and canned beers up.

However, as I write, we are still faced with the worst inflationary crisis of our history unsolved, the value of the pound diminishing daily, and the Government apparently unable or unwilling as yet to show the leadership that the country needs and wants, while time is rapidly running out. Under such conditions of uncertainty for the country, it is obviously impossible to forecast the future of any industry or company without the strongest reservations. There are, however, encouraging signs throughout your Company of an increasing steadiness, and awareness of our mutual responsibility towards each other and also towards our customers, without whom there would be no business and no employment at all.

I am hopeful, therefore, that, given a continuance of reasonable weather and some resolute action to reduce inflation, the basic strength of your Company in both human and material resources, and in quality of products, will enable us to come through this year rather better than last, and our present forecast indicates that profits before tax this year will be higher than for the year under review.

I know you will want me to thank all those people who have worked hard and long in the past year for the good of your Company, and also our tenants and all our customers for their loyal support during such a difficult time.

ACCOUNTANCY APPOINTMENTS

C&L

London £12,000

FINANCIAL DIRECTOR

Our client, an expanding organisation with a multi-million pound turnover derived from a variety of major overseas development projects, requires a Financial Director.

Reporting to the *Chief Executive*, the *Financial* Director will be responsible for

* Advice on long-term contracts
* Financial appraisal of future business opportunities
* Installing improved forecasting and planning procedures
* Developing the financial control and management information systems.

Applications are invited from qualified accountants aged about 40-45 who have experience at a senior level of the financial control of major long-term projects, preferably in developing countries. Experience of the construction industry would be an advantage.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

The Executive Selection Division – MF441.

Coopers & Lybrand Associates Ltd., Management Consultants. Shelley House, Noble St., London, EC2V 7DQ.

Financial Controller

North East £6–8000

Our client is engaged in a specialist field of engineering. The first objective of this appointment is to bring a particular aspect of their activities to a state of greater profitability. It will involve taking complete charge of this operation.

Candidates should preferably be Chartered or Cost and Management Accountants in their 30's and have experience in manufacturing.

The basic salary is £6000 p.a. but the total remuneration should be substantially in excess of this figure.

This is a challenging and rewarding appointment which involves responsibility beyond the confines of financial management. In addition it offers excellent prospects for further advancement.

Please write in confidence to J. S. Douglass or telephone for a personal history form quoting reference D/712/7.

P-E Consulting Group Limited Appointments Division, 14-20 Headfort Place, London SW1X 7HN Tel: 01-235 5444.

ADMINISTRATION PARTNER DESIGNATE

LONDON *Initially Circa £7,000*

Our client is a successful and fast expanding firm of Chartered Accountants in the City with a staff of over 220 with associated offices throughout the world.

The practice now seeks an experienced *Chartered Accountant to implement and* administer the firm's management and recruitment policies at all levels.

The appointed individual should have a mature personality with the confidence and authority necessary to become a partner of the firm within two years.

For detailed information and an application form contact Ian du Pre, A.C.A. or Stuart Ramsay, C.A. quoting Ref: 1293.

DLA Douglas Llambias Associates Ltd. 410 STRAND, LONDON WC2R 0NS. TELEPHONE: 01-836 4086, AND 3 COATES PLACE, EDINBURGH EH3 7AA. TELEPHONE: 031-225 7744.

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

Qualified Accountant

LEADING PROPERTY GROUP LONDON (CITY)

• Wishes to engage a professionally qualified accountant to act as deputy to Group Accountant

• Should be able to deal with all aspects of an Accounts Department, its work and systems, embracing Company and Agency Accounts, taxation including value added tax, administration, etc.

• Experience of property accounting and organisation is necessary; knowledge of E.D.P. would be an advantage for the implementing of new systems in due course.

• Salary negotiable around £6,000 per annum; a contributory pension scheme is in operation.

• Confidential applications in writing giving full details of qualifications and experience should be addressed to

Box E.6042, Financial Times, 10, Cannon Street, EC4P 4BY.

European Finance Director

Eurosalary £20,000+

The European turnover alone of this major British multinational would rank in the top 150 British companies. The main operations on the Continent are involved in manufacturing, trading and distribution services. The new Finance Director will join the key corporate staff at the continental headquarters, reporting to the Managing Director Europe, and he will be primarily responsible for the strategic financial development and control of the operating groups. Through the divisional finance management, he will ensure that the European systems are compatible with local and head office requirements, he will monitor forecasts and operating results, ensure that funding meets cash flow requirements, and will act as the interface with the banks, auditors and statutory authorities. For an Accountant in his late 30's whose career has already demonstrated ability successfully at senior management level in an international enterprise, this post could provide significant advancement. Some knowledge of German or French accounting practice is essential, and good commercial French is also expected. Total remuneration and allowances will equate with best European levels, and will attract those whose equivalent U.K. salary base is currently well into five figures.

(Personnel Services: Ref. AA26/5351/FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Management Consultants Limited, Personnel Services Division, Hyde Park House, Knightsbridge, London SW1X 7LE, Tel: 01-235 6060, Telex: 27874

Mervyn Hughes Group
59 St. Mary Axe, London, EC3A 8AR
Management Recruitment Consultants
01-283 0037 (24 hours)

Manager-Accounting

to £6,500 **Sussex**

Management ability is of overriding importance in this role. We are looking for a qualified Accountant, aged under 40, with an impeccable Public Practice background, preferably reinforced by sound commercial experience in a major Company. Our Clients are an international banking and financial services organisation. Responsibilities concern accounting problems relating to operations in practically every country on the Eastern Atlantic and Mediterranean seaboards and encompass multi currency working – International liaison – supervision of up to 40 staff – sophisticated computer systems back up etc. Key qualities required are flair for leadership, a quick mind and creative talent. *Benefits include non-contributory* pension scheme, low interest mortgage and relocation expenses. Ref: A5576 E. A. C. Griffin.

Treasurer

c. £8000

A multi-national service industry require a Treasurer to take responsibility for reviewing, recommending and negotiating with appropriate services of corporate funds throughout Western Europe.

He will co-ordinate the treasury policies of operating subsidiaries and will assist and advise other local management in aspects of their financial planning and procedures.

Candidates must have had experience in establishing and maintaining lines of credit, be able to offer sound experience in a cash management function in industry and should preferably hold a professional accounting or banking qualification.

Please write giving full details of background and experience to Position No. AST5031 Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

ACCOUNTANTS

Acquisitions/Special Projects c.£6,000

Our client is a highly profitable British group with diverse interests in the business systems and supplies fields. Current turnover is approaching £120 million pa and over 50% of profits are earned overseas.

A young (late 20's, early 30's) qualified Accountant is now needed to provide expert advice to senior management on the financial aspects of acquisitions and restructuring operations—both of which feature prominently in corporate growth plans. In addition, the successful candidate will play an active, co-ordinating role in negotiations, many of which will be for the purchase of private, overseas companies.

This is an executive role offering wide ranging involvement at the centre of a large international concern. It demands not only professional qualifications but also a keen business sense and communicative skills backed up by some experience in the field of acquisitions. A knowledge of the problems likely to be encountered in the purchase of private, overseas companies would be especially useful. The post is based in London but will involve some travel in the UK and overseas. Career prospects are excellent.

(Ref: A8131/FT)

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA ADVERTISING LIMITED
2, Albert Gate, London SW1X 7JU. Tel: 01-235 6060

Chief Accountant

London/Essex borders. to £8,000 + car

Our clients are a well-known group handling fast-moving goods where the provision of accurate, timely information is vital to the successful management of the business. This is therefore a key appointment, reporting directly to the Finance Director and carrying responsibility for the total financial accounting function with a staff of around 100. In addition to managing this department the Chief Accountant will need to develop improved systems of data handling and management information. Substantial in-house computer facilities are available. Applicants must be qualified accountants, probably under 40 with experience of staff management. Ref: 305/FT Apply to: R. P. CARPENTER, FCA, FCMA, ACIS, 2-4 King Street, St James's, London, SW1Y 6QL. Tel: 01-930 9982

Phillips & Carpenter
Selection Consultants

C&L

City c £7,500

CHIEF ACCOUNTANT

Our client, a growing reinsurance company with an annual premium income currently running at £7 million, requires a Chief Accountant.

Reporting to the Chief Executive, the successful candidate will be responsible for managing the entire accounting function and for developing the financial reporting and control systems.

Applications are invited from qualified accountants aged over 35 who have the proven ability to head an accounting operation and the professional skill to develop this operation in a growing organisation. Experience of insurance and, particularly, of reinsurance would be an advantage as would knowledge of data processing.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

The Executive Selection Division – MF474.

Coopers & Lybrand Associates Ltd., Management Consultants. Shelley House, Noble St., London, EC2V 7DQ.

YOUNG ACCOUNTANT

aiming to specialise in

INVESTMENT

We are a substantial firm of Stockbrokers—with important institutional and overseas business. To strengthen our existing research effort, which includes a number of major sector specialities, we seek a recently qualified Accountant, or one with some City experience. In due course he would be responsible for his own sectors.

The initial salary will be fully competitive.

Write to D. R. Galloway, Spencer Thornton & Co., Spenthorn House, 22, Cousin Lane, London EC4R 3TE.

GENERAL APPOINTMENTS

Charles Barker Recruitment
Confidential Reply Service
Please send full career details and list separately companies to which we should not forward your reply. Write the reference number on the envelope and post to our London office, 30 Farringdon Street, London EC4A 4EA.

Investment Fund Manager

Our clients, a City accepting house, are now expanding their investment management services.

The Investment Fund Manager will come in at senior management level and take responsibility for the House's managed funds as well as dealing with clients' portfolios to meet their individual requirements. He will therefore have at least four years' experience of fund management at a high level, probably in a merchant bank or leading stockbroking firm, and have administered substantial portfolios. He will also be keen to develop new business and be prepared to travel and promote the Bank's business in all aspects.

Experience of overseas securities markets will be valuable, as will a knowledge of another European language, particularly German.

The salary is negotiable, according to experience and qualifications, and future prospects will be limited only by ability.

Reference 1337

Company Solicitor

Allied Suppliers Limited – trading as Liptons and Presto in England and Wales, Templeton and Galbraith in Scotland – is a member of the international Cavenham Group with over 1,400 retail foodstores and an annual turnover in excess of £400 million.

We seek to appoint a commercially-minded Solicitor, probably aged 30-40, who will lead a small legal team at our head offices in Hayes, Middlesex. His major involvement will be in large property transactions, which will entail close co-operation with our property Division and will call for extensive experience in the conveyancing field. In addition, the successful candidate must be equipped to advise management on all aspects of the laws relating to retailing, and contracts with customers, suppliers and employees.

This is a senior appointment, and a commensurate salary will be negotiable. There are excellent opportunities for career progress within the Group.

Write with full career details, in the strictest confidence to:
Mr. M. I. Phillips,
Allied Suppliers Limited,
Cavenham House,
Millington Road,
Hayes, Middlesex.

Liptons

Group Planning for RHM

The Group Planning and Marketing Department of Ranks Hovis McDougall Limited, a major international food company, based in London, has a vacancy for a graduate with at least two years business experience, with the emphasis on financial analysis.

The person appointed will assist in the preparation and co-ordination of the Group's medium and long term plans, as well as providing economic, financial and general market information.

The appointment will be of particular value to a highly numerate individual who would like the opportunity to extend his or her career with a large food group.

The job will be of interest to those currently earning around £3,750.

Please send a full curriculum vitae to:

RHM RANKS HOVIS McDOUGALL LIMITED

Mr F. B. Townsend,
Group Staff Manager,
Ranks Hovis McDougall Limited,
P.O. Box 551, 152 Grosvenor Road,
London SW1V 3JL.

APPOINTMENTS WANTED

FINANCIAL EXECUTIVE

F.C.A. (39) wishing to make final career move, would welcome contact with progressive company who could profitably use a senior executive with top level retail/finance management experience, a decision maker with distinct commercial flair, coupled with a pleasant personality.

Write Box A.5153, Financial Times, 10, Cannon Street, EC4P 4BY.

JUNIOR FINANCIAL ANALYST

An international Group with its Headquarters in London requires a Financial Analyst to assist with budget planning, analysis of overseas subsidiary company budgets, budget consolidation and analysis and consolidation of monthly control reports plus responsibility for a number of project evaluations.

Ideally, candidates will have either completed a business course specialising in finance or be a graduate in a relevant discipline with at least one year's financial experience.

Salary will be attractive, location is Central London and the opportunity for gaining experience first class. Write with full career details to New Appointments Group, Personnel and Selection Consultants, 5 Park Road, Sittingbourne, Kent ME10 1DR, quoting reference FA/347.

GENERAL APPOINTMENTS

APPOINTMENTS WANTED

COURSES

CONTRACTS AND TENDERS

COMPANY NOTICES

PUBLIC NOTICES

MINING NEWS

Botswana and De Beers come to terms

BY LESLIE PARKER, MINING EDITOR

THE PROLONGED negotiations between the Botswana Government and De Beers over the revision of the initial terms on which the big Orapa diamond venture was originally founded, and without which, it might be added, it could well have been left unexploited, have now resulted in an agreement which is tactfully described by both sides as "satisfactory."

Needless to say, it raises the Government's take. This will now be in the 65 per cent. to 70 per cent. profits range. It compares with around 57½ per cent. at present. But it is at least below that originally envisaged by the Government last year and no mention is made of the then strongly objected to proviso that the new arrangements would be subject to adjustment by the Government "if and when circumstances change."

Expansion schemes

Satisfactory from both viewpoints is that the agreement will allow the DK 1/2 kimberlite pipes to be brought to production with a commissioning date of end-1976 at an initial rate of about 0.32m. carats a year rising to 0.4m. carats. At the same time De Beers has undertaken to lift the Orapa output from a current 2.4m. carats a year to 4.5m. carats by early-1979. The DK1 pipe is much smaller than Orapa, which is one of the world's largest, but the average diamond quality is higher with around 40 per cent. gems against 13 per cent. at Orapa. The two schemes are expected to cost about R20m. (£12.8m.) each. De Beers will provide the money.

The new agreement, which is subject to ratification by the Botswana National Assembly, provides for an increase in the Government's equity stake from 15 to 50 per cent. The diamonds will continue to be marketed through De Beers' Central Selling Organisation in London.

There was no comment last night from Botswana RST which runs the other major mining venture in the country, the struggling and debt-burdened Selebi-Pikwe nickel-copper mine. But shareholders therein were hardly happy about the now indicated prospects should the mine, in which the Government presently has a 15 per cent. stake, eventually attain prosperity. De Beers were unchanged yesterday at 311p. Botswana RST were 90p.

BOUGAINVILLE'S POOR QUARTER

The impact of rioting in May this year on production at the Rio Tinto-Zinc group's big copper-gold producer in Papua-New Guinea is underlined in the mine's return for the June quarter. With a further falling-off in the grade of ore milled, the total of concentrate produced in the quarter has dropped to 129,157 dry tonnes.

This compares with 141,054 tonnes in the March quarter and makes a total for the half-year of only 270,211 tonnes compared with 311,860 tonnes for the first half of 1974 and that year's total of 640,818 tonnes. Rising costs plus a lower copper price thus point to a fall in earnings compared with last year's average rate.

At the annual meeting in April, prior to the rioting, the Bougainville chairman, Mr. Frank Espie anticipated a fall in production, sales and profits from the 1974 record. RTZ's 80.7 per cent.-owned Conzinc Riotinto of Australia holds 53.6 per cent. of Bougainville. The shares of the last-named were 92p in London yesterday.

As expected from Amax

NOT UNEXPECTEDLY, the six-month earnings of Amax the big U.S. mining group are running behind those for 1974 when full-year profits were a record. The chairman, Mr. Ian MacGregor has already forecast that 1975 results will be down although it will still be "one of our better years."

The net surplus of $72.19m. compares with $78.21m. for the first half of 1974. It equals $2.71 a share against $3.07. This takes into account the 5.9m. shares sold to Standard Oil of California on May 30.

Both half-years had special items. That for 1974 included an amount equal to 21 cents a share from the sale of 50 per cent. of Alumax. The latest surplus was swollen by 19 cents a share through the sale of the investment in Minero Frisco SA.

The second quarter earnings of $36.2m. are much in line with the $36.04m. for the first quarter of 1975. Improved margins for molybdenum, coal, potash and iron ore are stated to have been offset in part by lower demand for, and depressed prices of, base-metals. Dividends in the latest quarter were omitted by Roan Consolidated, Tsumeb and O'Okiep Copper it is added.

ROUND-UP

Australia's Coopers Creek company announces further results from the drilling of its gold prospect at the northern end of Kalgoorlie's Golden Mile. Hole No. 3's core from 88.6 feet to 108 feet is described as having been "moderately well mineralised." Gold content varied considerably from 1.4 dwts to 9.6 dwts a tonne over the final 3.28 feet. The 102 feet to 108 feet interval averaged 9 dwts. These results are stated to be "encouraging and point out the need for continued appraisal of this property." A 5 cents call is being made on the 50-cent shares which will then be 35 cents paid. In London they are still 5p nominal.

Western Mining's Kambalda nickel mine produced 21,721 tonnes of concentrates in the four weeks to July 15 with a nickel content of 12.82 per cent. Additionally, 7,472 tonnes of 10.94 per cent. concentrates were produced at the Windarra mine, a joint venture with Poseidon.

South Africa's gold holdings fell by R0.1m. to R520.8m. last week, indicating that all the newly-mined gold was sold plus a very small amount from reserves. So there will have been scant bonus element in the price received by the country's mines. Bullion fell $1 to $164.30 in London yesterday.

A $5.7m. (£2.6m.) plant expansion project is announced by Oklahoma's George E. Failing company, a subsidiary of the Consolidated Gold Fields group's Azcon Corporation. It will get under way early in August. Failing manufacturers and markets drilling rigs for the petroleum, water well, mining and construction industries. It has had a strong growth in sales since acquired by Azcon in 1972.

MINING BRIEFS

	52 weeks to 24.6.75	25.6.74
Ore treated (tonnes) ...	432,408	369,643
Grade (per cent.)	1.25	1.46
Concentrates	(Tonnes)	
High grade	8,288	8,904
Low grade	3,088	2,150
Tin metal in concntrts.	3,769	3,230
Recovery (per cent.) ..	68.8	69.2

The International Tin Council has imposed a further export control period from July 1 to September 30 and restricted Australian exports for the period to 1,442 tonnes. The export restrictions together with the decline in Australian domestic consumption of tin are expected to restrict the company's sales by more than 40 per cent.

BIDS AND DEALS

CAVENHAM ON FRENCH VENTURE

Generale Alimentaire, Cavenham's French subsidiary, and Entreprise Miniere et Chimique (EMC), a French State-owned corporation, are considering forming a partnership covering the production and sale of animal foodstuffs in France and in Belgium.

As a result EMC would acquire 50 per cent. of the capital of GA's subsidiary, Sanders SA, which is France's leading producer of animal foods. EMC is a top producer of basic raw material for agriculture use including phosphates and urea derivative.

ASHBOURNE

The Board of Ashbourne Investments has sent a circular to shareholders in which the chairman, Mr. Kenneth Suggett, urges them to take no action on the attempt by Mr. L. I. Casper to requisition an extraordinary meeting and not to complete the card he has distributed.

Mr. Suggett rejects claims by Mr. Casper that Ashbourne has rebutted serious bid approaches and defends the company's decision to accept the 60p a share offer for its holding in Argentine Southern Land.

On the proposed Board changes Mr. Suggett says that Mr. Casper's proposals would initially result in an Ashbourne Board controlled by Messrs. Simmons and Silver, both of whom are directors of Crest and colleagues of Mr. Casper. "In our view this cannot be desirable."

LINDSAY & WILLIAMS

Lindsay and Williams has sold its factory at Redby Street, Manchester, to Roy Hall (Cash and Carry) for £27,500.

ESTATES & GENL.

The EGM of Estates and General Investments adjourned from July 16 will be held on July 30.

In a letter giving further information regarding the proposed merger with County and Suburban Holdings it is stated that on the basis of unaudited management accounts, both the company and County and Suburban have traded profitably in the first half of 1975.

NO PROBE

The Ministry for Prices and Consumer Protection has decided not to refer the proposed merger between International Nickel and Daniel Doncaster to the Monopolies and Mergers Commission.

SILENTBLOC

BTR, the international rubber and engineering group, now has 27 per cent. (2.59m. shares) of the equity of Silentbloc Holdings, which manufactures anti-vibration equipment and industrial rubber products.

Gallaher level at halftime

SECOND QUARTER group profits of Gallaher, the tobacco and cigarette group which takes in the Old Holborn, Silk Cut and Benson and Hedges brand names, showed a reduction from £8.5m. to £7.8m., leaving the total for the first six months of 1975 almost level at £16.2m., against £16.3m.

Apart from tobacco the group also has interests in the engineering, optical and distributive trades and the group's result has been sustained by increasing contributions from that side of the business.

Group sales—

	First-half 1975 £m.	1974 £m.	Year 1974 £m.
Tobacco	322.0	267.7	594.1
Engineering	21.5	15.3	35.0
Distribution	60.6	32.6	75.7
Optical	10.4	6.7	16.2
Total	424.6	322.3	724.0
Trading Profit*—			
Tobacco	14.1	14.5	29.5
Engineering	2.8	[illegible]	[illegible]
Distribution	1.3	0.9	2.0
Optical	1.7	1.3	2.8
Total	20.0	15.7	39.5
Interest charges ...	3.8	3.4	5.5
[illegible] ...	16.2	16.3	33.5
Taxation	8.3	8.2	17.1
Minorities	0.1	0.2	0.3
Attributable	7.8	7.9	16.1

* After depreciation £4.3m. (£3.3m. and £7.2m.).

The group is a wholly owned subsidiary of American Brands Inc. of the U.S.

Statement Page 16

Arlington Motor well placed

Although too early to forecast the current year's outturn, the directors of Arlington Motor Holdings are convinced that the group is well placed to respond rapidly to the changing requirements of the market and to report satisfactory year end results, states chairman Mr. N. C. Housden.

Many of the group's sales and service departments are currently trading ahead of last year but demand for heavy commercial vehicles, which fell away at the end of 1974, has not yet recovered.

There are, however, current indications that demand is improving and, with vehicle availability, "we look to the current year producing commercial vehicle sales of similar volume to last year," says Mr. Housden.

He feels that the future holds great opportunities for the company and "we are planning and investing . . . to maximise our opportunity for substantial growth."

As reported group pre-tax profits improved from £768,000 to £778,000 in the year ended March 31, 1975.

During the year there was an increase in bank overdrafts of £1.72m. to £2.48m.

Meeting, Chartered Accountants' Hall, Moorgate Place, EC, August 15 at noon.

Chairman's statement Page 17

Cattle's sees increase

In the current year, Cattle's (Holdings) has continued the policy of containing commitments with the result that total bank facilities are only some 60 per cent. employed, states the chairman, Mr. S. R. Cattle.

Until conditions show any real signs of encouragement, there will be no dramatic increase in activity but at present there is every reason to believe that profits will continue to show a satisfactory increase, he tells members.

As reported on June 19, taxable profits advanced from £0.8m. to £0.86m. in the year to March 31, 1975. The dividend is 0.8446p (0.7743p) net.

Mr. Cattle says that the deliberate policy of limiting the acceptance of new business has shown to the group's bankers its ability to make "substantial inroads" into bank borrowings when the occasion demands.

As at March 31 Provident Financial Group held 3.98m. Ordinary shares.

Meeting Hull on August 14, at 3 p.m.

Caledonian Cinemas

Taxable profit of Caledonian Associated Cinemas advanced from £121,000 to £200,000 on turnover ahead from £3.08m. to £3.52m. during the year ended March 29, 1975.

Stated earnings per 25p share are up from 10.3p to 34.3p and a final dividend of 1.53235p net raises the gross total from 3.75p to 4.125p, the maximum allowed.

Net profit jumped from £61,000 to £144,000 after tax up from £80,000 to £146,000. There are extraordinary debits of £4,000, compared with £117,000 credits.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Stocks lower on interest rate fears

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 23.

BURDENED BY concern at the prospect of rising interest rates and a variety of other worries, stocks tumbled again yesterday for the sixth consecutive day.

Investors appear to be worried primarily about rising interest rates in the last few weeks, a recent *tightening in* Federal Reserve monetary policy, the prospect of conflict in the Middle East and the new inflation fears that were raised by the sharp jump in the U.S. consumer price index disclosed on Tuesday.

The Dow Jones Industrial Index *fell more than 10 points to around* 836.67, while the NYSE All Common Index declined 0.72 to 48.40. Declines led advances by 1,229 to 275 in a turnover of 20.15m. shares compared with 20.66m. on Tuesday. The Transport Index fell 4.43 to 162.69; Utilities lost 1.24 to 81.13; and the Stocks Index *declined 4.07 to 253.99.*

Semi-conductor shares were among the hardest hit issues. Heavily-traded National Semi-conductor fell $1¾ to $39¾ on 254,600 shares.

Fairchild Camera dropped $1¾ to $52⅞. Texas Instruments fell $2⅞ to $102½, and Motorola was off $⅞ to $50.

Xerox lost $3⅞ to $60⅞ after a published report raised questions about the company's prospects for 1976. Earlier this week Xerox reported lower second quarter earnings.

However, Marion Laboratories rose $1⅞ to $13⅞ after raising the quarterly dividend, and announcing that it had received approval from the Food and Drug Administration to market "Distrophan" an anti-spasmodic drug for the relief of bladder disorders.

Hughes Tool fell $2⅞ to $94⅞, although trading in the issue was halted before the final bell. The company reported sharply higher second quarter profits, and announced a two-for-one stock split after raising its quarterly dividend.

Eastman Kodak eased $⅞ to $95⅞ reporting slightly lower second quarter earnings just as the market was closing.

Pan American World Airways gained $⅛ to $4. It reported a profit for the second quarter against a loss for the year-ago period. At the same time, the company said it had discontinued merger talks with Eastern Airlines, but said a possible merger with American Airlines was still under study.

Prices on the American Stock Exchange declined in moderate trading. The Amex Index fell 1.34 to 92.41, while declines led advances, 325 to 133. Turnover amounted to 2.35m. shares against 2.49m. on Tuesday.

Canada lower

Canadian stocks slid sharply during the final hour and finished decidedly lower in light trading on the Toronto Stock Exchange. Western Ils were off 3.03 at 192.53; *the Industrial Index* lost 1.34 at 191.36; Golds declined 2.00 to 382.94; and Base Metals shed 0.13 to end at 81.20.

Macmillan Bloedel was the most actively traded industrial, up ⅛ at $27. Among major changes, Canadian Tire was up $2½ at $48½. But Noranda "A" was off $1⅞ at $37⅞.

In Montreal, all sectors except Papers finished lower in moderate trading.

OTHER MARKETS

PARIS—The market moved slightly lower in moderate trading. Banks, Constructions and property companies were steady. *But Portfolios, Foods, Motors,* Rubbers, Engineerings, Electricals Oils and Chemicals all declined.

AMSTERDAM — Shares ruled mixed in general in very quiet conditions. The dollar's firmness largely offset the effect of Wall Street's decline. Dutch Internationals lost some ground except Philips, which closed unchanged.

Local issues were mixed with declines led by Giessen, RSV, Bols and Naarden. Gains were made by Hal, Gist, IHC and AMEV. Elsevier lost Fls.5 but VMF put on Fls.2.5.

BRUSSELS—The market follower Wall Street lower in very quiet trading. Local issues to rise against the trend included Tracelec, up Frs.35, Cometra, Vieille Montagne up Frs.80, and Union Minière up Frs.26. Cockerill was Frs.15 higher. But Sidro, GB-Inno-BM, UCB, Clabecq, Cobepa and Wagons-Lits were among major stocks to decline. Hoboken fell by Frs.175 and UCB lost Frs.65. Arbed was Frs.30 lower and Petrofina lost Frs.10 after recovering slightly.

FRANKFURT — Shares fell generally, largely because of the deteriorating bond market.

Stores fell sharply, with Kaufhof leading the sector down DM10. Daimler led motors down DM6 and Dresdner was DM5 lower in Banks. Utilities and Steel shed up to DM3. In Engineerings and leading Chemicals the biggest losses were of DM2 as in the case of GHH, KHD, Linde and BASF.

ZURICH—Shares were irregular in very quiet dealing. Leading Banks closed narrowly mixed, awaiting the first half-yearly results. In Financials, Bally put on Frs.20, while Oerlikon-Buehrle and Presse Finanz eased.

Industrials fluctuated. Alusuisse-Bearer, Schweiz. Industrie-Gesellschaft (SIG) and Swissimmobil firmed, while Nestle Bearer and Brown Boveri drifted lower. Hoffman La Roche jumped ahead Frs.400.

COPENHAGEN — Lower in moderate dealings. Banks and Communications were unchanged while Industrials weakened.

OSLO—In quiet trading Norsk Hydro lost Kr.10.

VIENNA—The market fluctuated narrowly. Constructions were quietly mixed, but Viet Magnesit put on Sch.5.

MILAN—The market closed mixed in subdued trading after a weaker opening which reflected the leadership crisis in the ruling *Christian Democrat* Party.

Generale Immobiliare, both Pirellis, Olivetti Privileged, Anic and Finsider ended higher while Bastogi, Fiat, Montedison and Snia Viscosa lost ground.

HONG KONG—The market closed slightly easier in moderately active trading. HK Bank, which had a disappointing first half performance, lost 40 cents to close at $HK16.50, above the day's low. HK and Whampoa Docks firmed 30 cents to close at $HK5.90 on rumours it may be taken over.

TOKYO—The Stock Market gained moderate ground—its first advance for four sessions—on active speculative demand. The Tokyo Stock Exchange index rose slightly.

Leading issues, however, generally closed lower in sympathy with Wall Street. Shiseido lost Y40, Honda fell Y13 and Toyota shed Y5.

JOHANNESBURG—Gold shares retreated from earlier higher levels reflecting the bullion market to close at or near the days lows. Financial Minings were lower. De Beers were 3 cents higher at R363.

The Industrial market was about steady and leading equities were unchanged to a fraction lower.

AUSTRALIA—Stock markets edged slightly higher with buyers beginning to trickle back although volume remained thin.

Pancontinental firmed initially but later wiped out the advance. Peko - Wallsend, Bougainville, Poseidon, Woodside - Burmah, *Weeks, IOL* and *Cudgen* moved higher while MIM, Queensland Mines, Santos and Oil Search dipped. Among Industrials, BHP fell 8 cents.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Trans-port	Indus.	Util.	Trading volume† 000's
July 23	68.97	162.69	836.67	81.13	20,150
22	68.96	167.12	846.76	82.37	20,660
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. STOCK INDICES STANDARD AND POORS

	*Industrials	†Composite
July 23	101.18	90.18
22	102.61	91.45
21	103.69	92.44
18	104.59	93.20
17	105.89	93.63
16	106.25	94.61
15	107.40	95.61
14	106.22	95.19

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	July 23	July 22	July 10
On Dividends	7.38	7.38	7.20
On Earnings	14.08	14.08	13.80

SYDNEY ALL ORD. INDEX

July 23	July 22	High 1975	Low 1975
364.39	364.45	[illegible] (4/6)	[illegible] (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

July 23	July 22	High 1975	Low 1975
318.82	317.86	333.11(2/7)	268.24(10/1)

HONG KONG INDEX ●

July 23	July 22	High 1975	Low 1975
323.42	324.19	341.57 (9/6)	160.42 (9/1)

SINGAPORE INDEX §

EUROPE

TORONTO

MONTREAL

JOHANNESBURG

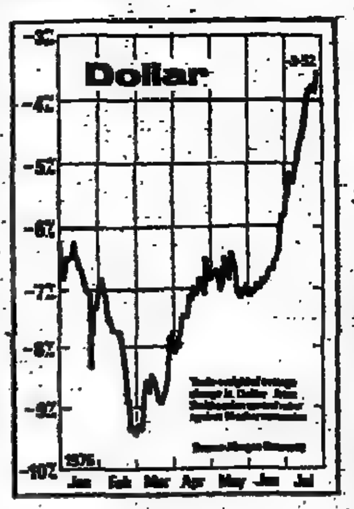
£ and $ firm

Sterling and the U.S. dollar made good progress in the foreign exchange market yesterday, with the pound's trade-weighted average depreciation against 10 currencies since the Washington Currency Agreement (as calculated by the Bank of England) narrowing to 25.9 per cent., its best level since June 13, and compared with 26.3 per cent. on the previous evening. The depreciation at noon *stood at* 25.9 per cent., and in early dealings was 26 per cent. The dollar's trade-weighted average depreciation against 14 units since the Washington Agreement, as calculated by Morgan Guaranty in New York on noon rates, also improved to 3.52 per cent., its best level since February 11, 1974, and compared with the previous 3.87 per cent. The pound's depreciation on a similar basis narrowed to 31.16 from 31.79 per cent.

Sterling was helped by indications that U.K. interest rates will rise, and by speculation that Bank of *England Minimum Lending* Rate will increase on Friday from its present 10 per cent. Firmer Eurodollar rates, following advances in U.S. Treasury bill yields, and expectations of increases in Prime Lending Rates, helped to support the U.S. dollar.

The pound opened at $2.1725-$2.1735, and touched $2.1805-$2.1815 during the afternoon, before closing at $2.1790-2.1800, for a gain of 10 points on the day.

Gold lost $1 on balance yesterday to $163.50-164.50. Business was moderate with the metal easing from a opening level of $164½-165½. The krugerrand for domestic delivery closed at $173½-175½ (£79½-80½), compared with $173-$175 (£79½-80½).



EXCHANGE CROSS-RATES

July 23	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.527-539	58.25 45	6.725-745	5.505-515	97.20-42	94.45 65
N. York	39.58-61	—	23.09-12	2.515-520	2.1790-1800	38.47-50	37.37-40
Paris	171.30-1.70	4.3403-3503	—	11.530-554	9.445 470	166.6-7.0	161.93-2.33
Brussels	14.24-89	37.62-87	8.64 88	—	81.82 2.00	14.43-49	14.02 08
London	5.61½-52½	2.1790 1800	9.45-48	81.80-2.10	—	5.66½-67½	5.83½ 84½
Am'sdam	102 75 79	2.6038 6053	59 94-99	6.421-825	5.666 671	—	97.18 22
Zurich	105.82-96	2.69-683	61.87-75	7.11-12½	5 832-838	102.85-95	—

EURO-CURRENCY INTEREST RATES

GOLD MARKET

FOREIGN EXCHANGES

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—88¾% (90½%)

NEW YORK

CANADA

GERMANY ●

July 23	Price Dm.	+ or —	Div. %	Yld. %
A.E.G.	72.5	—0.3	—	—
Allianz Versich.	482	—10	317	1.9
B.M.W.	227	—1	14	3.2
BASF	138.5	—2.0	17	6.2
Bayer	114	+0.2	17	7.3
Bayer Hypo.	314	—1	18	3.0
Bayer Vereinsbk.	337	—3	18	2.6
Commerzbank	205	—1.1	17	4.2

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

PARIS

TOKYO ¶

BRUSSELS

SPAIN ▼

STOCKHOLM

MILAN

OSLO

SWITZERLAND ●

COPENHAGEN

هكذا ابن الأجل

FARMING AND RAW MATERIALS

Milk will cost 1p more on August 3

Financial Times Reporter

MILK will cost 1p a pint more on August 3. Pasteurised milk will then go up to 7p a pint and other types of milk will all cost 1p a pint more.

Mr. Edward Bishop, Minister of State for Agriculture, said yesterday the move was necessary to contain the cost of the consumer milk subsidy. The subsidy—about 2p a pint—is costing £270m. this year.

Other reasons for the increase include meeting the higher cost of milk distribution and of the increased guaranteed price given to dairy farmers earlier this year.

It will not cover the rise in farmers' milk prices arising from the 5 per cent. devaluation of the green pound agreed by EEC Farm Ministers in Brussels on Tuesday. This is expected to add another 1p a pint to the retail price for about three months and will probably be held over to the next general rise in milk prices, probably early next year.

The change in the green pound is expected to put about 1p in the pound on the average family's food bills with increases on butter, cheese and bacon as well as milk.

UNCTAD talks on commodities adjourned

GENEVA, July 23.

AN UNCTAD committee meeting on setting up a buffer stock for major commodities has adjourned here to allow for private consultations to work out instructions for its secretariat on preparing the next step.

The 87-member commodities committee of the UN Conference on Trade and Development would meet again on Friday after a series of informal group contacts on the $3bn. plan to level-out price fluctuations for commodities such as coffee, copper, rubber, sugar and tin, a conference spokesman said.
Reuter

GRAIN OUTPUT

TAIPEI, July 23.

Taiwan was working out a plan to boost non-rice grain production to 642,000 tonnes in three years, the Central News Agency reported.
Reuter

Plumb seeks talks with PM on 'green pound' deal

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

SIR HENRY PLUMB, the National Farmers' Union president, is seeking an immediate interview with the Prime Minister to express farmers' concern over the "totally inadequate" price package agreed by EEC Farm Ministers in Brussels.

"The farming industry, particularly the dairy sector, cannot and will not respond to the Government's call for increased home food production on the basis of the totally inadequate adjustment of the 'green pound' gap agreed in Brussels," he said yesterday.

He also accused the Government of endangering the credibility among farmers and growers of its expansion policy by a totally misleading claim that the 5 per cent. devaluation of the "green pound" would mean an increase of £100m. in farm incomes this year. As it was, he said, costs had already risen by about £100m. since the last Price Review.

The most important impact of the adjustment will be on farmers' milk prices which will increase by 2.2p a gallon from next September. This will mean an addition to the gross income of dairy farmers of about £61m. from which must be deducted expected cost increases of feeding stuffs of about £11m. due to the adjustment in grain prices, giving a net rise of £50m. The final effect of this and other measures will be that farmers should be about 3p a gallon better off next winter than last.

Liquid milk

The extra 3p, according to Sir Richard Trehane, chairman of the Milk Marketing Board, would not stop the decline in milk output which now showed signs of threatening the liquid milk market. There was at the moment no sign of any expansion in the industry, and he thought there would not be any unless the increase in the price to producers amounted to 10p a gallon.

In the beef sector, price rises will be timed to take effect next February and March by raising the guide prices and the EEC fixed premium at that time. This, it is hoped, will encourage farmers to hold on to store stock over most of the winter period, instead of overloading the market this autumn, with the possible danger of beef being offered for intervention. Also, the promise of a possible guide price of £26-27 per live cwt next spring could mean a better trade for store stock this autumn.

The success of the arrangements for beef will depend on farmers' stocks of forage and its availability; in many stock-raising areas it is very short indeed.

Intervention prices for wheat and barley have been raised by about £2.55 and £2.35 per ton as from August 1 and will go up by 72p a month thereafter. This will mean a west coast intervention price for wheat next December of £56.80 a ton.

The alteration in the monetary compensation payments should make for a firmer market in egg and poultry products, but raising the pig meat guarantee from £4.53 to £4.77 per score dead weight will make little difference to farmers' returns as market prices are above these levels at present.

Wheat supplies more than adequate

BY PETER BULLEN

WORLD WHEAT supplies for export should be more than sufficient to cover total demand, even allowing for large scale trade developments such as the Soviet Union's big grain purchases in the past few days, according to the International Wheat Council.

The IWC forecasts in its monthly report that total import demand between now and next June will be in the 66.5m. to 72.5m. tonnes range. The total available for export is put at 66m. to 74.5m. tonnes.

This would indicate some increase in stocks in major exporting countries, but at this stage in the season weather and other factors could alter the picture and stocks remain almost unchanged.

Speculation that the USSR is negotiating for more than 15m. tonnes of grain have been partially confirmed by recent announcements of sales by the U.S., Canada and Australia of a total 12.6m. tonnes, comprising 7m. of wheat and 5.6m. tonnes coarse grains. For wheat alone, the IWC estimates the USSR import requirements at 7m. to 10m.

This follows its sharp revision downwards in the Soviet Union's wheat harvest forecast, from 95m. to 100m. tonnes to 85m. to 90m. tonnes, due to continued dry weather in major grain growing areas.

In contrast, it expects the U.S. wheat crop to reach a new record of 59.5m. tonnes, and on the basis of good harvest, in several provinces, it raises China's wheat harvest prospects by 2m., to 30m. tons.

The Council now estimates world production at 355m. to 370m. tonnes, compared with the 360m. to 375m. forecast at the beginning of July and the 348m. produced in 1974.

● Soviet grain buying had probably stopped for the present, U.S. Assistant Agriculture Secretary, Mr. Richard Bell, said in Washington yesterday, reports Reuter.

He knew of no more grain negotiations currently taking place with the USSR, but expected that they would probably make further purchases after the U.S. Department of Agriculture's crop report was issued on August 11.

Proposals for commodity pacts criticised

By Our Commodities Staff

PROPOSALS FOR commodity agreements, especially UNCTAD's multi-commodity approach, are criticised by Mr. Hugh Corbet, director of the Trade Policy Research Centre, in a report* out to-day.

"The current wave of interest in ways of stabilising or indexing commodity prices at 'just and remunerative' levels was understandable," he says.

"OPEC's actions at the end of 1973 seem to have given a model to one side and a warning to the other. But even with the best will and discipline on both sides the difficulties in the way of creating and operating commodity arrangements appear insuperable."

Schemes for stabilising commodity prices and earnings do not solve the basic problems of long-run stability of supply. The basic problem is one of adequate investment in the search for, and the opening up of, new sources of raw materials, he argues.

* "*Raw Materials: Beyond the Rhetoric of Commodity Power*," Trade Policy Research Centre, £2

New rise in coffee prices

By Richard Mooney

COFFEE VALUES staged a significant recovery on the London terminal market yesterday, following Tuesday's dramatic downward reaction to unprecedented gains made after the report of the Brazilian frost disaster. The September futures position advanced by £42.25, to £757 a tonne, but is still more than £100 below the peak reached on Monday.

In Bogota, meanwhile, a director of the Colombian Coffee Growers' Federation warned against hasty measures in response to the Brazilian situation. Sr. Arturo Gomez said Brazil had a coffee stockpile of 40-42m. bags, sufficient to supply its export customers for two years. Colombia should not start sowing an increased acreage in anticipation of higher world prices until it was known what action was planned by the Brazilian authorities, he said.

Colombia has reopened coffee export registries which were suspended last Friday. Export assessment values have been increased and the amount of foreign exchange receipts exporters must cash in at the Central Bank has been raised from $95.6 to $117 per 70-kilo bag.

An assurance had been given by Sr. Camillo Calazans, president of the Brazilian coffee institute (IBC), that the IBC's stocks would remain untouched, said Sr. Wilson Peracio, president of the Rio de Janeiro Coffee Trade Centre, yesterday. The stocks, estimated at 15m. 60-kilo bags, would remain against the risk of any future frost, Sr. Calazans was reported to have said.

Cocoa futures prices fell sharply in London yesterday. A £22.5 fall to £616 a tonne in the September position, which more than wiped out Tuesday's sharp increase, was seen by dealers as a technical reaction to the recent rise which had lifted September cocoa by £130 a tonne in the previous fortnight. There seems to be no easing, however, in the tight nearby supply situation which had contributed to the upsurge.

SISAL EXPORT BODY PLANNED

RIO DE JANEIRO, July 23.

The foreign trade department of the Bank of Brazil (Cacex), is to form a sisal export committee.

The committee will look into problems on the marketing of sisal, and supervise relations between growers, traders and the processing industries.
Reuter

HARDWOOD MARKET

Stock levels may still be too high

BY A CORRESPONDENT

AFTER VIRTUALLY living from their stocks during 1974, U.K. hardwood importers were back buying in world markets in the first four months of this year, but having indulged in this brief flurry of "gap filling" it now looks as if the market is once again in the doldrums.

Those in the trade are surprised that the buying spell was as sharp as the statistics indicate and it appears that as well as filling the gaps that were appearing in stocks of certain species and sizes, importers thought that they saw the dawn of somewhat brighter demand which has since been recognised as false.

Official statistics for the first four months of this year show that contracts placed by the importing trade were up 23 per cent. at 258,000 cubic metres compared with 209,000 for the same period last year. Arrivals in the period were well down at 198,000 cu.m. compared with 316,000—a fall of 37 per cent.

Given this position one would have thought that stocks in the country would have started to show a steady downward trend but in fact they have remained static. The monthly figures from last December through to the end of April in thousands of cubic metres were: 352, 351, 320, 321 and 326.

Consumption

One does not have to look far for the reason for stocks remaining obstinately above the figure that leaders in the trade believe to be the right one for present conditions—one look at the apparent consumption provides the answer.

In the first four months of this year consumption fell by 21 per cent. from 291,000 cu.m. in 1974 to 230,000. But to point up the contraction that has taken place in consumption one should compare this with the 404,000 cu.m. which the U.K. used in the first four months of 1973.

For the trade the lesson which emerges appears to be that stocks are still too high for comfort and that a holding of 300,000 or even 260,000 cu.m. would be more appropriate for present trading conditions.

But sweeping generalisations about the total stock figure can be misleading when it comes down to the practical trading level. There is a body of opinion in the trade which believes that one of the reasons behind the tendency for stocks to remain high is that a certain proportion is proving increasingly unsaleable in present conditions of slack demand.

Back in the boom days of 1973 importers were scouring the world for hardwood to satisfy the apparently insatiable appetite of the consuming trades and this led to the import of some unfamiliar species, and in cases where a prime favourite was unobtainable, to the heavy buying of the nearest alternative. After the quick turnround in trading conditions and the precipitous fall off in demand, the unfamiliars and alternatives were left in the yards.

Examples are thought to be some quite large holdings of the lesser known Brazilian species which no consumer now wants to know about and perhaps a year's supply (under normal trading conditions) of African mahogany which was bought by the trade as a substitute for utile when the latter became very difficult to come by.

On the market as a whole prices have definitely firmed since the beginning of this year. Looking first at West Africa, towards the end of last year the Ghana Timber Marketing Board—the state organisation which supervises the export sale of hardwood and plywood—after a period of trying to maintain prices in face of falling values elsewhere, freed the exporters in Ghana to negotiate with importers.

Sterling

As a result their prices fell to realistic levels and more business was placed. This was encouraged by the fact that contracts with Ghana are placed in sterling whereas the principle alternative source—Ivory Coast—contracts are negotiated in francs with the cost of their timbers rising as sterling depreciates against the franc.

In the period February-June the rate of depreciation was 11 per cent. But now it appears that the GTMB is again interposing itself between exporters and importers by insisting that the former should demand that importers re-negotiate increased prices on contracts already made. So once again a lack of confidence is dominating hardwood trading between Ghana and the U.K.

The Far Eastern market is dominated by the sharp rise in the price of dark red meranti amounting to 25 per cent. over the past six months. It is a wood which is much in demand on the Continent for joinery and trim. Teak importers are puzzled by a complete lack of communication from sellers in Burma and are looking to Thailand and Hong Kong for their supplies.

Brazil counts the cost of crop damage

BY DAVID WHITE

RIO DE JANEIRO, July 23.

FIRST OFFICIAL estimates of the damage to coffee trees in Brazil's Sao Paulo State, following last week's frost disaster, put losses at between 60 and 70 per cent. of next year's crop, while the situation in Parana — the largest producer — is still uncertain. All coffee exports, including soluble, have been halted.

Sr. Alysson Paulinelli, the Agriculture Minister, said in Brasilia that the weather damage would cause "profound alterations in crop forecasts, in the supply programme and in the commercialisation of agricultural products abroad."

Brazil had been aiming for a growth of about 7 per cent. in farm output this year. Although the large coffee and soya harvests were already in, cereals and livestock were badly affected.

In Parana, an estimated 30 to 40 per cent. of the wheat crop has been lost, and Brazil's target of self-sufficiency in wheat may now be several years more distant owing to a seed shortage.

The cold has hit cattle grazing lands as far north as Minas Gerais and Mato Grosso, where tens of thousands of head are feared lost. However, the Gaucho state of Rio Grande do Sul, more accustomed to cold weather, has reported minimal losses.

In Sao Paulo state, crop damage is officially estimated at $250m. this year. As well as coffee and wheat, Sao Paulo's sugar, castor seed, fruit and tomato production have been affected.

In the north eastern states of Pernambuco, Sergipe and Alagoas, last week's floods destroyed a large part of the major food crops — maize, rice and black beans, according to initial reports.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Profit-taking caused prices to react on the London Metal Exchange after the sustained advance which has seen three months wirebars rise from just under £530 in the earlier part of last month. After opening at £590, forward wirebars came back as speculative holders noted the absence of any trade support and the possibility of a rise in interest rates. Steadier trading was seen in the afternoon and forward wirebars recovered to £587 on the late Kerb after having fallen to day's low of £563 during the morning. Turnover, 9,800 tonnes.

Amalgamated Metal Group reported that cash wirebars traded in the morning at £567.5, 66, 65.5, 64, three months £586, 87, 86, 85, 84.5, 84, 83, 82.5. Cathodes: Cash £551, 51.5, three months £570. Kerb: Bars: Three months £583.5, 84, 85, 85.5, 86. Cathodes: Cash £561.5. Afternoon: Wirebars: Cash £565, early-Aug. £569.5, three months £587.5, 87, 84.5, 86, 85, 84.5. Cathodes: Cash untraded, three months £572. Kerb: Bars: Three months £585, 85.5, 86, 87, 86.5, 87. Cathodes: Untraded.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	564-.5	—4	564.5-5.5	—2.5
3 months	583-.5	—4	584-.5	—3
Settlem'nt	564.5	—4	—	......
Cathodes				
Cash	551-.5	—3	553-4	—3
3 months	570-.5	—5.5	572-3	—7.5
Settlem'nt	551.5	—3	—	......
U.S. Smt.	—	......	*60-63.7	......

TIN—Prices halted over following the break in the recently rising trend in Penang. The London market was subjected to selling from the East, but there was also short-covering and a good two-way business was done. It was thought that there was some borrowing of metal on behalf of the Buffer Stock manager. Prices rallied in the later dealings with three months standard metal trading on the kerb at £3,108 after having changed hands at £3,095 in the morning. Turnover 1,110 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3077-9	—20.5	3087-92	—15
3 months	3097-9	—31.5	3108-9	—15.5
S'ment	3079	—20	—	......
Standard				
Cash	3077-9	—20.5	3087-92	—15
3 months	3097-9	—31.5	3108-9	—15.5
S'ment	3079	—20	—	......
Straits E.	†3974	—11½	—	......
New York	—	......	*344.5	—1.0

Morning: Standard: Cash £3,075, three months £3,100, 3,095, 98. High Grade: Cash £3,075, three months untraded. Kerb: Standard: Three months £3,099, 3,102. High Grade untraded. Afternoon: Standard: Cash untraded, late-Aug. £3,100, three months £3,108, 05, 09. High Grade untraded. Kerb: Standard: Three months £3,108. High Grade untraded.

LEAD—Above lowest, prices being influenced by the movements in copper. Turnover 4,975 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	165.5-6.5	—4.75	168.5-9.5	—1.25
3 months	173-.5	—3.5	175.5-6	—1
S'ment	166.5	—3.5	—	......
N.Y. Spot	—	......	19-22½	......

Morning: Cash £166.5, 66, three months £174.5, 74. Kerb: Cash £168. Afternoon: Cash untraded, three months £176, 75, 75.5. Kerb: Three months £176.

ZINC—Lost ground in line with the general trend but was looking steadier at the close. Following some earlier hedge selling, the market experienced a modest amount of producer support for cash metal. Turnover 3,375 tonnes.

ZINC	[illegible] Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	
Cash	320-.5	—4.75	321-.5	—4.25
3 months	326-.5	—1.25	327-.5	—1½
S'ment	320.5	—4.5	—	......
Prim. West	—	......	*38½-9	......

Morning: Cash £322, 20, three months £327.5, 27, 26, 26.5. Kerb: Three months £327, 26.5, 27. Afternoon: Cash £321, three months untraded. Kerb: untraded.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 3p an ounce lower for spot delivery in the London bullion market yesterday, at 214.0p. U.S. cent equivalents of the fixing levels were: Spot 465.7c (474.3c), three-month 474.5c (283.2c), six-month 484.8c (493.8c), and 12-month 505.4c (515.9c). Silver opened at 216-217c (469½-472c) and the market was moderately active. The closing level was 215.2-215.2p (469-471½c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	214.0p	—3.0	215.1p	—3.1
3 months	220.8p	—2.7	221.1p	—2.65
6 months	226.8p	—2.7	—	......
7 months	—	......	9.9925p	—2.5
12 months	240.4p	—2.7	—	......

LME—Turnover 178 (332) lots of 10,000 ozs. Morning: Three months 221.3, 1.1, 1, 20.8, 0.5, 0.6, 0.7, 0.8, 0.9. Kerbs: Three months 221, 21.2, 21.4, 21.2. Afternoon: Cash 215.2; three months 221.2, 21.3, 21.4, 21.2, 21.1, 21, 21.3, 21. Kerbs: Three months 221.3, 21.4, 21.2.

FREIGHTS

DRY CARGO—There was no expansion in demand for grain on European account, although a cargo was fixed from U.S. Gulf to Netherlands at $4.75 f.i.o. for August. Other grain bookings included U.S. Gulf to South Japan at $8.45 f.i.o. for August and Great Lakes to Algeria at $21 f.i.o. for Sept., also from River Plate to West Coast Mexico at $16 f.i.o. for August. Wheat from West Australia to Alexandria paid $10.50 free discharge for August.

Miscellaneous chartering included petroleum coke from Port Arthur to Rotterdam and/or Ghent at $4.40 f.i.o. for prompt.

In the timecharter sector, a vessel of 21,298 long dwt. was booked for five years trading at $3.75 delivery and 1975 and a vessel of 26,100 long dwt for four to six months trading at $3,250 daily delivery passing Gibraltar July.

COCOA

After opening lower than expected, prices retreated under long liquidation, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.4 Contract			
July	612.0-18.0	—43.25	631.0-17.5
September	615.0-17.0	—32.5	643.0-07.5
December	600.0-01.0	—25.75	623.0-98.0
March	592.0-93.0	—18.0	609.0-587.0
May	587.0-90.0	—19.0	601.0-588.0
July	587.0-90.0	—25.5	600.0-581.0
September	588.0-91.0	—26.0	—

Sales: 3,060 (6,585) lots of 10 tonnes.

International Cocoa Agreement prices: Daily 53.30 (57.36) U.S. cents per pound: indicator 15-day average 51.00 (50.54); 22-day average 49.16 (48.45).

COFFEE

Robusta terminal held comparatively steady in the morning, dealer buying interest absorbing local selling and long liquidation.

Prices maintained a basically steady trend during afternoon dealings with dealer and speculative buying met by scale up selling. Profit-taking caused some irregularity.

Arabicas closed 200 points higher to 15 points lower.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	757.0-800.0	+18.5	—
September	755.0-58.0	+42.25	765.0-30.0
November	743.5-45.0	+37.25	752.5-20.0
January	745.0-46.0	+37.75	753.0-21.0
March	747.0-50.0	+37.0	753.0-25.0
May	748.0-50.0	+36.5	752.0-40.0
July	751.0-54.0	+37.5	756.0-35.0

Sales: 2,803 (2,965) lots of 5 tonnes.

Latest published ICO indicator prices, U.S. cents a pound. Columbian Mild Arabicas 95.00 (same). Other Mild Arabicas 94.00 (91.00). Unwashed Arabicas

Santos Fours unavailable (same). Robustas 88.25 (86.75). Daily average unavailable (same).

ARABICA CONTRACT (in order buyer, seller, sales)—Aug. 88.50-89.00, 8; Oct. 96.90-97.00, 7; Dec. 97.50-98.00, 6; Feb. 98.70-99.00, 1; April 91.00-92.00, nil; June 92.00-97.00, nil; Aug. 92.00-98.00, nil. Sales: 22.

RUBBER

LOWER opening on the London physical market. Eased considerably throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 139 cents a kilo (buyer, August).

No. R.S.S.	Yesterday's close	Previous day's close	Business done
Aug.	38.50-38.90	38.50-39.50	—
Sep.	38.75-38.50	37.00-39.50	—
Oct.-Dec.	37.00-37.55	37.85-38.15	38.00-37.50
Jan.-Mr.	37.40-37.60	38.90-38.70	38.15-37.00
Ap-Jun.	37.80-37.85	39.25-39.35	38.40-38.00
Jy-Sept.	38.65-38.70	39.85-39.90	38.45-38.50
Oct-Dec.	39.85-39.70	39.75-40.20	39.95-39.25
Jan-Mr.	40.25-40.35	[illegible]	40.30-39.90
Ap-Jun.	40.90-41.10	40.80-41.50	40.75

Sales: 440 (346) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 33.0p (34.25p); August 33.75p (33.75p); Sept. 33.50p (33.5p).

SOYABEAN MEAL

	Yesterd'y Close	+ or —	Business Done
	£ per tonne		
August	79.0-79.4	—0.65	79.5
October	79.2-79.3	—0.8	81.0-79.7
December	80.0-80.2	—0.70	80.4-79.6
February	80.8-81.5	—0.65	81.0
April	82.0-82.5	—0.8	82.0
June	83.1-84.0	—0.55	—
August	84.1-85.0	+0.15	—

Sales: 89 (50) lots of 100 tonnes.

GRAINS

THE BALTIC—Trading remained dull in most sections of the U.K. imported grain market and there was little movement in prices. The 5 per cent. devaluation in the "green pound" had largely been discounted by the trade.

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent., Aug. £61.50, Oct. £57.60 direct Tilbury. EEC Milling, Aug. £61, Sept. £62 East Coast.

Maize—No. 3 Yellow American/French, July £58, Aug. £60.50 transhipment East Coast. South African White, Aug.-Sept. £60.50 Glasgow nominal. South African Yellow, Aug.-Sept. £60 Glasgow nominal.

Barley—EEC Feed, Aug. £57.25 East Coast. Rest unquoted.

MARK LANE—Business remained light and prices showed little change on balance. August deliveries of old crop Hagberg milling wheat traded to London at £59.75 per long ton and Oct. at £63.50 while East Anglia paid £61 for Sept.-Dec. deliveries of denaturable wheat. January-March deliveries of denaturable wheat traded into Avonmouth at £64.75 per long ton. Average sellers quotations per long ton for delivery London area: Wheat Hagberg August £59.75; denaturable Sept. £59, Oct.-Dec. £61. Barley feed Oct.-Dec. £56 nominal.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: Sept. 58.35, Nov. 60.60, Jan. 62.85, March 64.80, May 66.95. Business: Sept. 58.70-58.35, Nov. 60.90-60.50, Jan. 63.20-62.70, March 65.25-64.75, May 67.00-66.60. Barley, barely steady. Close: Sept. 56.50, Nov. 58.30, Jan. 60.40, March 62.40, May 64.00. Business: Sept. 56.75-56.30, Nov. 58.85-58.30, Jan. 60.80-60.35, March 62.65-62.40, May 64.30 only.

EEC DAILY IMPORT LEVIES and premiums are effective July 24 (in order, current levy plus Aug., Sept. and Oct. premiums, with previous in brackets). Rates in units of account per tonne: Soft wheat and mixed wheat and rye—32.73, rest nil (38.70, rest nil); Hard wheat—26.45, 2.90, 2.90, 8.42 (30.41, 2.90, 2.90, 8.22); Rye—46.31, rest nil (48.31, rest nil); Barley—33.97, rest nil (30.20, rest nil); Oats—18.00, rest 2.30 (22.01, rest nil); Maize (other than hybrid for seeding)—14.72, 4.50, 4.50, 9.56 (16.00, 4.86, 4.86, 9.30); Buckwheat—11.48, rest nil (13.94, rest nil); Millet—3.98, rest nil (8.17, rest nil); Grain sorghum—31.76, rest 0.35 (34.18, rest 0.75). Levies for flours: Wheat or mixed wheat and rye—65.16 (70.72); Rye—84.19 (86.09).

HGCA—Location ex-farm spot prices: Feeding barley—Banbury £54.65; Ormskirk £55.25.

SUGAR

LONDON DAILY PRICES (raw sugar) unchanged at £190 a ton c.i.f. for July-Aug. shipment. White sugar daily price was fixed at £280 (£285) a ton.

Initial selling encountered scale-down buying before stronger support was encountered. Thereafter values tended to improve. During the afternoon strong overseas advices brought a complete recovery and the market closed at the highs, C. Czarnikow reports.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	186.00-87.00	190.00-91.00	189.00-76.00
Oct.	182.50-85.50	185.75-86.50	186.50-71.00
Dec.	180.50-81.00	185.50-84.00	184.00-70.00
March	178.50-80.00	181.00-81.50	181.00-69.00
May	176.00-80.50	180.75-81.00	179.00-68.50
Aug.	175.00-78.00	180.50-81.25	177.00-69.00
Oct.	176.00-78.00	181.00-81.50	181.00-71.00

Sales: 4,456 (2,934) lots of 50 tons.

Tate and Lyle ex-refinery price for granulated basis white sugar was £250 (same) a long ton for home trade and £265 (same) a long ton for export.

EEC IMPORT LEVIES—For white and raw sugar, denatured and non-denatured, effective July 24. Figures in units of account per 100 kilos (previous in brackets): White—1.88 (2.45). Raw—nil (0.26).

WOOL FUTURES

LONDON—Market steady.

Australian Greasy wool	Yesterd'y's close	+ or —	Business Done
July	158.0-60.5	—	—
October	162.0-63.0	—	—
December	166.0-68.0	—	—
March	172.0-73.0	—	—
May	174.0-75.0	—	—
July	176.0-78.0	—	—
October	179.0-82.0	—	—
December	180.0-85.0	—	—

Sales: 30 (nil) lots of 1,500 kilos.

SYDNEY GREASY (in order buyer, seller, business)—July 230.0-235.0, 248.5-230.0; Oct. 252.1-252.4, 253.0-252.2; Dec. 256.0-257.0, 257.0-256.5; March 260.0-261.0, 261.0-260.5; May 262.0-262.1, 262.2-262.0; July 263.0-263.5, 264.0-263.0; Oct. 264.5-265.5, 265.0-265.0; Dec. 264.5-265.5, 265.0-265.0. Sales: 422.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on July 23. U.K.—Cattle £17.81 per live cwt (+0.66); Sheep 33.5p per pound e.d.c.w. (+2.4); Pigs £4.15 per sc.l.w. (no change). England and Wales—Cattle numbers up 24.6 per cent., average price £16.41 (+0.07); Sheep up 16.3, 33.9p (+2.5); Pigs up 4.8, £4.15 (no change). Scotland—Cattle up 13.7, £17.60 (+0.24); Sheep up 58.3, 30.6p (+2.9); Pigs nil.

SMITHFIELD (pence per pound)—Beef: Scottish killed sides 29.0 to 33.0; English hindquarters—heavy 38.0 to 39.5, forequarters 18.0 to 19.5; Ulster hindquarters 38.0 to 40.0, forequarters 18.0 to 20.0; Eire hindquarters 36.0 to 39.0, forequarters 17.0 to 19.0.

Veal: English fats 38.0 to 42.5, higher quality fats 44.0, bobbies 10.0 to 11.0; Scottish bobbies 8.0 to 12.0; Dutch hinds and ends 52.0 to 56.0, higher quality hinds and ends 57.0.

Lamb: English small 28.0 to 28.9, higher quality small 36.0, medium 29.0 to 32.0, heavy 28.0 to 30.0; Scottish medium 29.0 to 32.0, heavy 27.0 to 30.0. Imported frozen: NZ D's 29.0 to 29.5, 2's 28.0 to 28.5, YLs 27.0 to 27.5.

Ewes: 12.0 to 13.0.

Pork: English, under 100 lbs 28.0 to 32.0, 100-120 lbs 26.0 to 31.5, 120-160 lbs 26.5 to 30.0, 160-180 lbs 25.5 to 27.5, 180 lbs and over 24.0 to 26.5.

COVENT GARDEN (Prices, in sterling)—Imported produce: Oranges—Brazilian: 2.00-2.30; South African: 2.40-2.70; Californian: 3.00. Grapefruit—South African: 2.90-4.10; Californian: 4.00. Lemons—Italian: 5.30-5.50; Californian: 5.50; South African: 5.20-6.00; Spanish: 3.60-5.20. Apples—South African: Golden Delicious 5.70, Granny Smith 6.00-6.20; New Zealand Granny Smith 6.20, Sturmer Pippin 5.80, Dougherty 6.00; Tasmanian: Democrats 5.80, Crofton 5.80, Sturmer 5.80; French: Cartons, Golden Delicious 20 lbs 3.10; Western Australian: Granny Smith 5.80. Pears—Italian: Dr. Jules Guyot per pound 0.12-0.13; French: 0.10½. Bananas: Windward Islands: per 28 lbs 2.30; Jamaican: 2.80. Apricots—Hungarian: 1.80. Grapes—Cypriot: per 12 lbs Cardinal 2.90, Sultana 2.90, 18 lbs 2.70-3.00. Peaches—Italian: 1½-trays 2.40-3.20. Plums—Spanish: Santa Rosa 1.40-2.00, Gaviota 1.30-1.80; Italian: Burbanks per pound 0.10-0.12. Tomatoes—Guernsey: 1.40; Jersey: 1.40. Courgettes—Jersey: 1.20. Potatoes—Cypriot: 2.20; Onions—Spanish: 2.60-3.00. Melons—Israeli: Yellow 1.60-2.00; Spanish: 2.30-2.50. Water-melons—Italian: 2.00; Spanish: 2.00. Tangerines—Brazilian: 4.00.

English produce: Lettuce—Per 12 round 0.70, cos 0.60. Cucumbers—Per tray 12 1.00, 14 1.00, 16 0.80, 18 0.80. Potatoes—Per 56 lbs, Cornish/Kent 2.80-3.00. Celery—Per 12 to 24 1.30-1.50. Peas—Per pound 0.06-0.07. Broad beans—Per 28 lbs 1.00. Mushrooms—Per pound 0.28-0.35. Cabbages—Per bag. Primo 0.60. Marrows—Per each 0.06. Strawberries—Per ½ lbs 0.13-0.20. Raspberries—Per ½ lbs 0.05-0.07. Cherries—Per pound Black 0.25, white 0.18-0.20. Cauliflowers—Per 12 1.40-1.50. Carrots—Per 28 lbs 0.90-1.20. Beetroot—Per 28 lbs 1.00. Courgettes—Per 12 lbs tray 1.20. Tomatoes—Per 12 lbs 1.40.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for July-Aug. shipment: BWB £196, BWC £189, BWD £182. Tossa: BTB £198, BTC £191, BTD £194. Calcutta goods steady. Quotations c. and f. U.K. for July shipment: 10-oz. 40-inch £6.77, 7½-oz. £5.12 per 100 yards. Aug. £6.94 and £5.23, Sept. £7.09 and £5.34. "B" twills: £21.21, £21.38 and £21.58 for the respective shipment period. Yarn and cloth very quiet.

LONDON—Quiet. Bangladesh White "C" grade July-Aug. £195; "D" grade July-Aug. £188. A long ton.

CALCUTTA—Quiet. Indian July Rs.465; Dundee Daisee July Rs.420 values. A bale of 400 lbs.

★

LIVERPOOL COTTON—Spot and shipment sales amounted to 26 tonnes, bringing the total for the week so far to 363 tonnes, F. W. Tattersall reports. Minor transactions left the offtake relatively unimportant and buying was again at low ebb. Most interest was shown in various S. American and Turkish supplies.

★

GRIMSBY FISH—Supply fair, demand good—Prices per stone at ship's side, unprocessed: Shelf cod £1.70-£2.20, codlings £1.50-£1.90; large haddocks £2.70-£3.00, medium £2.30-£2.50; large plaice £3.40, best small £3.50; large skinned dogfish £4.90, medium £3.80; coalfish 85p-95p; catfish £1.20-£1.80; lemonsoles £3.80-£4.00; reds 85p-£1.10.

★

COPRA—Philippines: July-Sept. $235 resellers per tonne c.i.f. North European ports.

PRICE CHANGES

Prices per ton unless otherwise stated.

	July 23 1975	+ or —	Month ago
Metals			
Aluminium (a)	£596	......	£588
Free Market cif	£510-525	......	£290-305
Copper‡			
Cash Wire Bars (a)	£565	—8.5	£528.75
3 month do. do. (a)	£584.25	—8.0	£547
Cash Cathode (a)	£553.5	—8.0	£517.5
3 months do. (a)	£572.5	—7.5	£535
Gold Troy oz.	$164.3	—1.0	$164½
Lead Cash (a)	£169	—1.25	£163.25
3 months (a)	£175.75	—1.0	£166.75
Nickel (a)	£1,958	......	£1,817
Free market cif (lb)	$1.75-1.80	......	$1.85-2.0
Platinum (troy oz.)	£72-76½	......	£68-75.5
Free Market	£75.75	+0.5	£66.25
Quicksilver(76lb)(z)	$110-115	......	$115-120
Silver Troy oz.	214p	—3.0	201.05p
3 months	220p	2.7	209.55p
Tin Cash (a) §	£3089.5	—13	£3,077.5
3 months (a)	£3108.5	—15.5	£3,066.5
Wolfram 22.04lb. cif	$38½-39½	......	$38-39
Zinc Cash (a) §	£321.25	—3.25	£327
3 months (a)	£327.25	—1.625	£319
Producers (a)	£360	......	£360
Oils			
Coconut Malayan	£178	......	£160*
Groundnut			
%	£400	+8	:
Linseed Crude (a)	£422	......	£435
Palm Malayan (a)	£178	......	£154
Soyabean (a)	:	......	:
Seeds			
Copra Philippines	$255	+5	$250
Gr'nuts Nigerian	:	......	:
Linseed Can. No. 1	£197.5	......	£186
Grains			
Barley EEC	£57.25A	......	£54.5
Home Futures	£56.5	—0.4	£56.5
Maize			
French No.3 Am.	£58	......	£54.75
S.A. Yellow	£60A	......	£55
Wheat			
No. 1 Red Spring	:	......	:
No.2 Hard Winter	:	......	[illegible]
Australian (f.a.q.)	:	......	:
English Milling	£59.75A	......	£55.75
Cocoa Shipment (z)	£698	—45.5	£624
futures Sept (z)	£616	—32.5	£447.5
Coffee Shipment (c)	:	......	:
futures Sept. (lb)	£757	+42.25	£462.5
Cotton 'A' Index cent	54.5	......	54.2
Jute LJABWC (d)	£195	......	£200
Rubber kilo	33p	—1.25	31.0p
Sisal EA3L (w)	$600	......	$600*
Sugar (raw)	£190	......	£140
Wooltops 64s kilo	188p	......	190p
Cloves (Madagascar)	£2,550	......	£2,400
Pepper White ton	£890	......	£850
Black ton	£690	......	£656

FINANCIAL TIMES

July 23	July 22	Month ago	Year ago
175.86	178.75	157.90	212.13

(Base: July 1, 1952=100)

REUTER'S

July 23	July 22	Month ago	Year ago
1113.6	1118.5	1069.4	1265.6

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	July 23	July 22	Month ago	Year ago
Spot	303.66	302.43	[illegible]	374.92
Futures	287.81	280.38	344.25	347.14

(Average 1924-25-26=100)

MOODY'S

Moody's	July 23	July 22	Month ago	Year ago
Spie Comm'ty	766.1	777.6	731.5	887.4

(Dec. 31, 1931=100)

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade, indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C." ‡ Unquoted. a Seller's quotation. h August. k June. n Metric tons. r September. v June-July. s July-Aug. t Nov. q May-June. w Nov.-Jan.

HIDES—Leeds. Demand still very weak. Second clear ox 31-35.5 kilos withdrawn 22p per kilo: 26-30.5 kilos withdrawn 22.5p; 22-25.5 kilos withdrawn 21p. Light cows withdrawn 20p.

U.S. Markets

Grains fall on weather reports

NEW YORK, July 23.

SILVER edged lower in featureless trading while copper declined on light Commission House selling. Heavy speculative selling forced cocoa sharply lower. Sugar advanced on light to moderate trade buying. Chicago grains closed lower across the board on commercial hedge selling on reports of good weather in key growing areas, Bache reports.

Cocoa—Ghana spot 78½ nom. (81 nom.). Bahia spot 63½ nom. (68 nom.). July expired (66.50). Sept. 53.85 (60.30). Dec. 54.00, March 54.00, May 53.60, July 53.30, Sept. 53.90. Dec. 53.95. Sales: 951.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (same). "C" Contract: July 78.00-79.00 (75.00). Sept. 69.00 bid (65.00). Nov. 69.50 bid. Dec. 69.95 bid. March 70.69 bid. May 71.15 bid. July 71.45 bid. Sales, 21.

Copper—July 57.00 (58.10). Aug. 57.20 (58.30). Sept. 57.60. Dec. 59.20. Jan. 59.70. March 60.50. May 61.80. July 62.80. Sales: 2,091.

Cotton—Oct. 48.70-48.71 (48.91). Dec. 49.00-49.03 (49.15). March 49.67. May 50.47-50.60. July 51.07-51.10. Oct. 51.80 bid. Dec. 51.45 bid. Sales: 1,850.

♣Gold—July 165.10 (165.90). Aug. 165.50 (166.40). Sept. 167.00. Oct. 168.50. Dec. 171.50. Feb. 174.40. April 177.30. June 180.20. Aug. 183.10. Oct. 186.00. Sales: 874.

Greasewool—Spot 142.5 nom. (same). Oct. 142.0-146.0 (144.0). Dec. 144.5-149.0 (146.5). March 146.5-150.5. May 148.5-152.5. July 148.5-152.5. Oct. 146.5 bid. Dec. 146.5 bid.

†Lard—Chicago loose spot 32 nom. (30-31). NY prime steam 33½ nom. (32½ nom.).

††Maize—Sept. 289-289½ (297-302). Dec. 256½-256¼ (273½-272). March 264-263½. May 267½-268. July 270-271.

‡Platinum—Oct. 169.90 (169.00). Jan. 174.20 (173.00). April 178.30. July 182.20. Oct. 185.60. Sales: 494.

‡‡Silver—Spot 470.90 (474.90). July 470.30 (471.00). Aug. 471.30 (471.90). Sept. 474.50. Dec. 456.50. Jan. 490.30. March 497.50. May 505.29. July 512.60. Sept. 519.30. Sales: 3,444.

***Soyabeans**—Aug. 554½-554 (558½). Sept. 552½-552 (557½). Nov. 554-555. Jan. 563-564. March 572. May 582. July 585. Aug. 586 nom.

hSoyabean Meal—Aug. 126.20-126.10 (128.50). Sept. 130.60-130.20 (131.50). Oct. 132.50-133.00. Dec. 136.00-136.10. Jan. 137.50-138.00. March 141.00-142.00.

Soyabean Oil—Aug. 25.65-25.55 (25.55). Sept. 24.49-24.40 (25.56). Oct. 23.55. Dec. 22.75-22.80. Jan. 22.50-22.40. March 22.25-22.30. May 21.95-22.00. July 1.75. Aug. 21.50-21.60.

Sugar—Spot 17.85 (18.00). Sept. 17.65-17.73 (17.30). Oct. 17.34-17.37 (16.98). Jan. 17.26 nom. March 16.70-16.65. May 16.60-16.70. July 16.65-16.65. Sept. 16.63 nom. Oct. 16.55 bid. Sales. 4,425.

Tin—319.00-371.00 nom. (315.60-373.00 asked).

****Wheat**—Sept. 356-357 (358). Dec. 370-369 (364-382). March 379½. May 381.

WINNIPEG, July 23. **††Rye**—July 235½. Oct. 239. Dec. 238½. May 242 nom.

cOats—July 165½ bid. Oct. 156 asked. Dec. 154½ bid. May 155 nom.

§Barley—July 241. Oct. 234. Dec. 229½ asked. May 220 nom.

dFlaxseed—July 777 bid. Oct. 772. Nov. 756 asked. Dec. 746 asked. May 750 nom.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 503½ (502½).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. ♣ $'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs — Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡ Cents per troy ounce ex-warehouse. h New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. c Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

Gloomy markets dominated by interest rate fears

Index 5.8 lower at 288.5—Courtaulds move against trend

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 14	July 24	July 25	Aug. 5
July 28	Aug. 7	Aug. 8	Aug. 19
Aug. 11	Aug. 20	Aug. 21	Sep. 2

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Fresh falls to 1½ in Gilt-edged and losses to 8 in leading equities reflected fresh fears of a sharp rise in Minimum Lending Rate to-morrow. Both sectors of the market closed above the day's worst on a mixture of bear closing and "cheap" buying. Long-dated gilts made a notable rally, ending ½ above the lowest, but still closed with losses to £1, while losses in medium-dated ranged to £1¼ and shorts had closing falls to ½. The Government Securities index declined 0.39 more to 60.07, making a fall of 1.11 over the last four trading days.

Leading equities opened hesitantly before increased selling, which coincided with a weak start to the gilt market, began to make its mark. This was illustrated by the FT 30-share index, which had a comparatively *minor fall of 1.9 at 10 a.m.* extended to a loss of 8.2 at noon. The closing fall was reduced to one of 5.8 at 288.5. Apart from interest rate fears, sentiment was also unsettled by the lack of unity shown by the Government in the vote on its anti-*inflation* proposals.

The widespread setback in equities was seen in the near 10-1 ratio of falls to rises in FT-quoted Industrials, while the FT-Actuaries All Share Index lost 2.6 per cent. to 128.63. A higher level of trading was measured by official markings of 5,493 compared with 4,223 on Tuesday. Bid situations and trading news again provided some interest, while Courtaulds contrasted with the general trend, rising 5 to 110p on Lord Kearton's hopes for the future in his last annual statement as chairman.

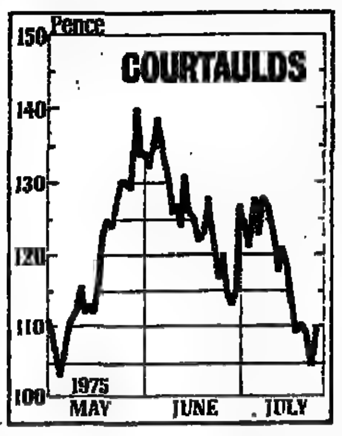
The spectre of a sharp increase in Minimum Lending Rate haunted British Funds and fresh falls ranging to 1¾ were sustained rather quickly. Any other influence was ignored while the market initially faced a heavy volume of selling, but the pressure gradually eased and the ultra longs combined with the shorts to stage a rally. This resulted in the former closing generally ½ lower on the day, after having been a point down, and the shorts usually ½ off, after falls of ¾ in some cases. Elsewhere, there were final losses to a point, and occasionally more, with the mediums more depressed than the other maturities. Corporations were not immune and losses reached 1¾ in places.

Making further progress in the early business, the investment currency premium rose to 91 per cent. but at that level sellers became more active and the rate reacted to close a net 1¾ lower at 88½ per cent. Yesterday's SE conversion factor was 0.6300 (0.6282).

Gillett jump late

Dull with other Discounts throughout the day following the threat of dearer money, Gillett Bros. rose dramatically "after-hours" on the favourable interim statement to close 28 higher on the day at 148p, after 118p. Falls in other Discounts, however, stretched to 17 with Union that much off at 313p. Cater Ryder, 212p, and Gerrard and National, 247p, both lost 16, while Alexanders receded 10 to 185p as did Allen Harvey and Ross, to 290p. Smith St. Aubyn fell 8 to 47p. Press comment on Tuesday's disappointing interim figures from National Westminster and the easier market trend set the seal on another quiet and dull day in the big four Banks. National Westminster closed 8 off at 202p, after 200p, while Lloyds and Midland (which both report half-year figures to-morrow) lost 10 apiece to 192p and 232p respectively. Barclays were similarly cheaper at 242p.

Insurances went easier in sympathy with the general trend. "Royals" gave up 6 to 268p.



Marked lower at the outset, Breweries continued easier on scattered selling to close with falls that stretched to 4, as in Bass Charrington at 82p. Arthur Guinness receded 2 to 104p but Allied rallied late to finish unaltered at 59p. Elsewhere, the pattern was much the same. Distillers eased to 106p before closing 3 lower on balance at 108p. Amalgamated Distilled Products ran back 4 to 39p and Macallan Glenlivet lost 5 to 93p.

Taylor Woodrow continued a dull market, losing 6 more to 254p following Press comment on the interim report. R. Costain, 192p, and Tarmac, 118p, lost 5 apiece, while Geo. Wimpey were lowered 4 to 103p. Against the trend, R. M. Douglas closed 2½ better at 45½p following news that the company has been awarded contracts worth £16.5m. Cements declined throughout the list. Associated, 124p, RMC, 46p, and Tunnel "B," 108p, all ending 4 cheaper.

ICI closed only a penny off at 249p, after 245p. Elsewhere in Chemicals, Albright and Wilson eased 3 to 61p and Fisons retreated 17 to 335p.

Television Contractors made a dull showing, Grampian "A" giving up a penny at 12p and HTV losing 2 at 18p.

Stores dip and rally

Leading Stores staged a late rally and closed little changed on the day. "Gussies" "A" 153p, after 151p, and Marks and Spencer, 97p, after 95p, both closed a penny cheaper. Among secondary issues, Court Bros. "A" reacted 3 to 55p on the preliminary statement. A fall of 4 was sustained by Martin the Newsagent, 86p, while Forminster finished 3 easier at 45p. Custonagic Manufacturing, however, hardened a penny to 12p on the increased dividend and substantially higher profits.

Electrical leaders managed to close above the day's worst with net declines limited to 3 after a fairly small trade. GEC finished that amount off at 118p, after 117p, while Plessey, following the full report and in front of to-day's expected first-quarter results, ended 2 cheaper at 68p, after 67p. Elsewhere, Racal Electronics suffered a reaction of 9 to 289p in a thin market, while Jones Stroud, 48p, gave up half of the previous day's gain of 4 which followed the profits improvement. Ward and Goldstone, ahead of the results, shed a penny more to 49p, but James Scott, annual figures due to-morrow, hardened a penny to 17p.

Engineerings suffered a relapse which saw Tube Investments fall to 222p before a close of 230p, down 8 on balance. GKN were 6 lower at 207p, after 203p, and John Brown made a fresh "low" for the year of 43p, down 4. Vickers came away from the lowest of 118p to end a net 4 easier at 123p. Elsewhere, losses of around 6 were incurred by Spear and Jackson, 77p, Renold, 108p, and Taylor Pallister, 53p, while McKechnie, 51p, and Delta Metal, 53½p, were about 4 cheaper. Walmsley (Bury) reacted to 19½p on the redundancy warning prior to settling a net 1 lower at 22p and Howard Machinery gave up 2 more to 35p, still on the "rights" issue news. Second-thoughts about the annual deficit lowered Birmingham Mint 2 to 41p, but news that the offer from International Nickel would not be referred to the Monopolies Commission lifted Daniel Doncaster 3 to 99p.

Apart from Unigate, a penny better at 40p on the better than expected preliminary figures, Foods were generally easier where changed. Tate and Lyle were prominant, the Ordinary falling 6 to 190p and the new nil-paid closing 7 off at 11p premium. Spillers eased 2 to 33p, sentiment being unsettled by the Monopolies Commission investigation into the supply of pet foods, while Cavenham reached 3 to 120p and J. Sainsbury 5 to 135p. Adams Foods were called 2½ easier at 17p ex the "rights" issue with the new nil-paid finishing at ½p premium after a light trade. Wheatsheaf Distribution were a dull spot in Supermarkets, the Ordinary ending 5 off at 121p and the new nil-paid finishing 6 cheaper at 11p premium.

Beecham down

Tuesday's late easiness in miscellaneous Industrial leaders on interest rate fears gathered pace yesterday, but prices generally closed above the day's worst. Beecham ended 7 down at 277p, Unilever 6 off at 346p, and Bowater 5 cheaper at 133p, while Glaxo were finally 4 easier at 340p, after 335p. Rank Organisation "A" followed Tuesday's loss of 6 on the lower interim profits with a fresh fall to 130p, before finishing a net 4 lower at 133p. Boots, after falling to 187p, picked up to end only a shade lower on balance at 192p, while Reckitt and Colman recouped an initial fall of 7 to close unaltered at 300p. Elsewhere, A. Kershaw receded 34 more to 636p, still on the interim results. I.C. Gas lost 20 to 348p in a thin market, while falls of 6 were recorded in M.K. Refrigeration, 27p, Bridon, 129p, and Change Wares, 26p. Alpine Holdings, on the full report, shed 1 to 10p, while Neil and Spencer closed similarly easier at 16p on the half-year results. Hanson Trust were a shade off at 155p ahead of going ex the one-for-one "rights" offer to-day.

Motors and Distributors passed another quiet session. Dunlop closed a penny easier at 44p despite record first-half exports, while Rolls-Royce shed 1½ to 54½p and ERF 3 to 22p. After recent speculative strength, British Car Auction cheapened a penny to 49p despite news of the proposed "rights" issue on bonus terms. Other dull spots in Garages included Lex Service, a penny off at 12½p, and Caffyns, 2 easier at 52p.

North Sea doubts caused fresh selling of Thomson, which lost 8 to 161p, after 160p, and other Newspapers were also easier. *Daily Mail* "A" gave up 7 more at 145p, while News International slipped 3 to 97p. Still labouring on the interim profits slump, Inveresk shed 1½ more to 47½p in Paper/Printings, where McCorquodale fell 11 to 168p, after 166p, following the "rights" issue announcement.

Properties flat

The prospect of a rise in interest rates was a fairly heavy depressant on Properties. Thin speculative selling left the leaders closing near the day's worst, Land Securities recording a loss of 8 at 161p and MEPC a fall of 3 at 94p. English Property shed 3 to 32p and British Land 1½ to 14½p. Numerous losses occurred in secondary issues, where Capital and Counties finished prominently lower at 16p, down 5. Great Portland Estates weakened 13 to 194p, Hammerson "A" 20 to 340p, and Haslemere Estates 9 to 176p, while falls of about 7 occurred in Trafalgar House, 87p, Berkeley Hambro, 122p, Law Land, 50p, and Property Holding and Investment, 173p. Property Partnerships receded 5½ to 22½p and Argyle Securities 4 to 35p.

Yet another downgrading in North Sea Ninian field reserves initially upset Oils and, in particular, the partners of the consortium. British Petroleum retreated to 505p before rallying smartly to close only 2 off on the day at 515p. Burmah eased 1 to 28p, after 27p, but Cawoods fell 8 to 125p, National Carbonising 4 to 20p and Ranger ½ to £13½. Shell were also reactionary but they later halved the loss to 4, at 299p, while Ultramar gave up a like amount at 180p. Speculative demand continued to flicker in Tricentrol, up 2 at 86p, and Australians were steadier; Weeks Natural Resources rallied 4 to 74p and International Oil 3 to 35p.

Overseas Traders weakened in line with the general trend. Inchcape were noteworthy for a loss of 19 at 344p ahead of to-day's annual results. Sime Darby cheapened 6 to 70p, while Harrisons and Crosfield, following the annual meeting, closed 50 down at 875p. James Finlay ended 4 off at 138p, after 136p.

Fashion and General were a firm market in Financials, rising 5 to a 1975 "peak" of 80p following favourable Press comment. *Robert Kitchen Taylor* were favoured and hardened a similar amount to 50p but otherwise the trend was easier. Dalgety shed 10 to 198p as did Rothschild to 355p, while Bishopsgate Property and General Investments lost 5 to 22p and Caledonia Investments receded 6 to 144p.

Further profit-taking after the recent rise on take-over hopes took its toll on Furness Withy which fell 13 more to 225p for a two-day decline of 25.

The retiring chairman's encouraging and hopeful view on prospects at the AGM gave Courtaulds a fillip; from an initial easier level of 104p the shares were marked up to 111p on the statement before closing 5 better on balance at 110p. Elsewhere, Textiles closed easier for choice. Further consideration of the profits setback left Illingworth Morris Ordinary and "A" both a penny off at 18p and 17p respectively. John Haggas lost 5 to 210p in a restricted market.

Ahead of next Tuesday's interim results, Bats were sold down to 290p before rallying slightly at the close to end 7 lower on balance at 295p. Imps shaded a penny to 63p.

Golds still firm

Golds failed fully to live up to the hopes engendered by Tuesday's rally in London and the subsequent firmness of their transatlantic counterparts. Prices opened cheerfully but there was no follow-through buying, possibly in line with the easing in the bullion price and in the investment dollar premium.

Even so, they still closed with scattered gains which lifted the Gold Mines index 5.5 to 347.0. The metal price was $1 down at $164.30 per ounce.

Of the shares to do well, Venterspost advanced 40 to 790p and Blyvoor were 35 up at 830p. In Financials, the gold-orientated Rand Selection put on 15 to 940p while Union Corporation followed Tuesday's 25p rise with a further gain of 5 at 510p. Selection Trust, however, remained overshadowed by anticipations of an eventual rights issue and dropped 35 to 505p.

In Diamonds, De Beers held at 311p; more onerous terms for the group's Botswana operations are reported in Mining News to-day. Platinums moved up a few pence in a quiet market where London buying had the edge on Cape selling.

Australian issues did little more than mark time. Pancontinental put on another 10 to 500p while BH South were 5 up at 155p. Coppers were little changed with Bougainville hardening 2 to 92p in front of the lower June quarter production figures.

Tins were inclined to ease slightly in sympathy with the reversal in the Penang metal price. London Tin, however, rose 5 to 185p. Elsewhere, the antimony-producing Consolidated Murchison came back 20 to 650p.

FINANCIAL TIMES STOCK INDICES

	July 23	July 22	July 21	July 18	July 17	July 16	A year ago
Government Secs.	60.07	60.46	60.80	60.97	61.18	61.11	57.05
Fixed Interest	60.28	61.09	60.76	60.63	60.72	60.70	55.91
Industrial Ordinary	288.5	294.3	296.6	298.9	296.8	307.9	263.4
Gold Mines	347.0	341.5	337.3	345.3	350.5	361.6	372.8
Ord. Div. Yld. %	7.00	6.87	6.84	6.79	6.81	6.59	7.54
Earnings Yld. % (full)(a)	20.35	20.04	19.94	19.81	20.29	19.64	20.16
P/E Ratio (net)(a)(b)	7.02	7.15	7.16	7.21	7.04	7.28	6.93
Dealings marked	5,493	4,223	4,697	4,348	4,698	5,063	5,749
Equity turnover £m.	—	40.86	40.44	43.66	48.37	47.40	41.75
Equity bargains total	—	11,918	12,930	11,970	14,309	13,772	10,242

10 a.m. 292.4. 11 a.m. 288.3. Noon 289.1. 1 p.m. 287.7.
2 p.m. 287.2. 3 p.m. 287.2.
Latest Index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=6.98.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (30/5)	49.18 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.3 (6/5)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.9 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 23	July 22
Daily—		
Gilt-Edged	152.0	136.9
Industrials	186.6	133.1
Speculative	45.6	[illegible]
Totals	128.0	95.1
5-day Av'ge		
Gilt-Edged	147.8	149.4
Industrials	154.0	161.2
Speculative	[illegible]	49.1
Totals	106.8	104.9

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section.	Wed. July 23, 1975 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Tues. July 22 Index No.	Monday July 21 Index No.	Friday July 18 Index No.	Thurs. July 17 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	107.62	−3.2	21.77	7.46	6.84	6.65	111.19	110.54	111.25	111.61	92.88	131.26 (6/6)	61.78 (6/1)	206.57 (4/6/72)	15.70 (13/12/74)
2	Building Materials (30)	90.15	−3.4	20.56	8.74	7.30	7.30	93.35	94.04	94.86	95.28	92.64	117.40 (22/4)	45.11 (6/1)	233.84 (2/6/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	195.08	−3.6	18.57	4.75	8.10	8.10	200.31	201.22	202.25	203.44	154.01	251.61 (23/4)	74.74 (6/1)	369.33 (13/6/72)	71.48 (12/12/74)
4	Electricals (17)	203.15	−3.7	20.55	5.70	7.22	7.20	211.01	206.43	206.48	206.79	166.55	234.64 (6/6)	98.49 (6/1)	350.04 (4/6/72)	84.71 (25/6/66)
5	Engineering (Heavy) (13)	132.86	−1.1	26.46	8.03	5.76	5.76	134.32	133.69	135.49	135.25	107.65	159.79 (22/4)	64.39 (2/1)	202.57 (6/6/73)	64.39 (2/1/75)
6	Engineering (General) (65)	93.49	−3.1	23.36	8.71	6.53	6.53	96.45	95.69	96.48	97.26	77.77	117.40 (9/6)	45.45 (6/1)	168.59 (4/6/72)	45.45 (6/1/75)
7	Machine and Other Tools (9)	38.32	−2.2	18.37	10.75	9.89	9.89	39.17	38.90	39.05	39.50	[illegible]	46.96 (30/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (23)	100.17	−2.3	24.43	7.72	6.11	6.11	102.49	102.41	104.01	104.87	86.08	121.76 (6/6)	49.66 (6/1)	177.41 (27/4/72)	49.66 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	81.87	−1.7	24.29	7.49	6.02	6.01	83.52	82.75	83.53	84.55	78.79	95.15 (6/6)	38.59 (6/1)	227.78 (21/4/72)	38.59 (6/1/75)
10	Electronics, Radio TV etc. (15)	96.41	−2.2	21.26	5.56	6.96	6.95	97.60	96.43	98.00	[illegible]	93.18	108.34 (6/6)	44.26 (6/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (15)	126.74	−0.5	33.02	8.12	4.43	4.43	127.08	127.60	128.62	129.00	123.81	146.90 (25/4)	64.53 (6/1)	[illegible] (4/5/72)	63.98 (17/12/74)
12	Motors and Distributors (27)	45.18	−1.6	25.22	10.75	5.59	5.56	45.86	45.76	44.16	44.68	40.45	50.91 (6/6)	19.91 (8/1)	170.59 (15/1/69)	19.91 (8/1/75)
13	CONSUMER GOODS (NON-DURABLE) (167)	119.00	−3.0	16.89	7.06	8.49	8.46	122.69	121.15	122.57	123.31	101.52	146.46 (6/6)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (16)	133.63	−2.8	15.11	7.56	10.00	10.00	137.55	135.72	137.35	138.11	115.31	165.65 (6/6)	73.58 (6/1)	261.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	150.46	−4.9	14.90	7.76	10.15	10.13	157.25	155.95	159.63	160.32	130.73	177.94 (9/7)	80.42 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	136.46	−1.8	16.25	6.15	9.18	9.18	141.52	139.11	140.36	140.69	105.26	158.44 (27/6)	55.28 (8/1)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (22)	129.34	−3.1	15.87	6.16	8.66	8.62	133.52	131.39	133.98	134.10	103.10	156.57 (6/6)	62.05 (2/1)	211.65 (1/6/72)	59.77 (11/12/74)
18	Food Retailing (16)	116.43	−1.4	15.66	6.57	10.66	10.66	117.04	115.61	116.70	116.71	92.25	149.17 (4/6)	57.16 (2/1)	235.06 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	122.68	−2.5	17.36	7.63	8.71	8.71	125.73	126.32	128.08	128.06	118.11	162.14 (6/6)	55.08 (6/1)	260.29 (13/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	82.71	−2.7	26.69	8.86	5.50	5.50	84.97	84.23	85.24	85.66	76.52	107.12 (20/5)	43.46 (6/1)	136.69 (25/4/72)	43.46 (6/1/75)
21	Stores (30)	100.77	−2.7	14.32	6.47	10.61	10.61	103.55	101.49	101.21	101.44	86.70	132.94 (20/5)	52.63 (6/1)	204.39 (15/8/72)	52.63 (6/1/75)
22	Textiles (13)	119.82	−1.8	28.82	8.94	4.13	4.03	122.04	120.52	122.56	122.06	119.78	145.07 (27/5)	62.91 (6/1)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobacco (3)	179.30	−4.0	18.47	7.45	8.05	8.05	185.77	187.28	191.17	191.68	137.78	199.16 (10/3)	109.92 (6/1)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	41.22	−1.9	31.74	8.78	4.32	4.32	42.03	42.47	41.98	42.36	38.57	44.06 (6/6)	20.92 (6/1)	136.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (24)	158.60	−2.0	21.99	5.73	6.51	6.51	161.55	160.64	161.57	161.54	126.91	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.30 (11/12/74)
26	Office Equipment (10)	76.77	−2.7	18.86	6.91	7.16	7.16	78.91	81.16	81.82	82.87	95.90	104.78 (17/4)	45.34 (2/1)	246.06 (1/9/72)	45.34 (2/1/75)
27	Shipping (12)	327.75	−3.2	26.12	7.33	4.95	4.77	338.74	336.56	340.48	340.88	299.48	401.84 (10/3)	194.38 (6/1)	617.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	124.37	−3.1	21.76	7.95	6.71	6.70	128.33	127.72	128.81	130.15	114.35	153.58 (6/6)	60.39 (6/1)	258.83 (2/3/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	117.86	−2.8	19.71	7.05	7.32	7.30	121.32	120.86	121.41	122.13	102.66	143.48 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	278.16	−0.8	26.46	5.45	4.06	3.76	280.42	282.70	283.44	285.96	194.81	296.47 (4/6)	105.83 (2/1)	451.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	131.11	−2.5	20.82	6.79	6.47	6.35	134.50	133.71	134.82	135.68	110.51	156.14 (6/6)	63.49 (6/1)	227.95 (18/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	118.13	−3.1	—	5.06	—	—	121.88	121.00	123.36	123.56	107.65	148.45 (20/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	133.84	−4.0	24.74	5.96	6.05	6.05	139.09	138.41	141.11	139.72	130.86	177.11 (5/6)	62.56 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	140.84	−5.9	—	8.69	—	—	149.88	149.09	149.09	149.09	125.68	169.27 (7/5)	84.15 (6/1)	293.13 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	90.02	−3.2	27.72	10.07	4.79	4.40	92.95	93.91	94.57	95.56	165.16	134.39 (10/3)	42.81 (6/1)	433.72 (14/5/72)	38.65 (11/12/74)
36	Insurance (Life) (9)	100.95	−2.0	—	6.79	—	—	102.99	102.27	104.57	105.22	86.25	127.97 (23/4)	44.88 (2/1)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	96.97	−1.7	—	6.81	—	—	98.62	97.64	[illegible]	101.01	76.83	123.90 (20/6)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	[illegible]	−2.6	11.09	4.61	13.41	13.41	[illegible]	190.19	191.87	194.02	134.87	211.50 (20/5)	68.96 (7/1)	262.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	79.71	−2.6	—	[illegible]	—	—	81.80	81.50	81.74	81.93	[illegible]	94.97 (7/3)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	156.66	−4.6	[illegible]	3.83	29.99	28.92	164.29	162.04	[illegible]	165.66	146.31	241.22 (22/4)	88.19 (7/1)	357.40 (8/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	66.86	−2.5	17.18	10.07	8.58	8.49	67.55	68.06	67.65	68.64	76.85	75.78 (23/4)	34.78 (10/1)	303.15 (18/6/72)	33.29 (17/12/74)
42	Investment Trusts (50)	151.17	−2.0	3.33	4.60	30.04	30.04	154.30	154.62	154.97	155.17	118.62	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	128.63	−2.6	—	6.51	—	—	132.06	131.51	132.63	133.32	109.61	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (*Not included in 500 or All-Share indices*)															
44	Rubbers (10)	407.93	+0.9	15.91	[illegible]	10.44	10.37	404.42	406.20	416.70	428.05	317.79	525.43 (23/5)	281.66 (3/1)	585.37 (23/7/73)	84.68 (25/8/65)
45	Teas (10)	101.12	−1.7	35.68	10.17	3.89	3.71	102.82	102.99	103.38	103.90	87.14	104.15 (16/7)	76.75 (10/1)	121.47 (1/5/72)	59.72 (17/10/74)
46	Coppers (3)	354.60	+1.1	55.58	21.30	1.81	1.81	350.77	349.52	360.57	357.41	392.36	467.74 (27/5)	349.52 (22/7)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	121.41	+0.4	10.09	4.35	[illegible]	[illegible]	120.89	120.18	123.57	124.25	90.66	141.34 (30/5)	80.58 (22/1)	175.90 (23/4/69)	66.31 (30/9/74)
48	Tins (8)	92.65	+1.1	11.01	8.95	11.70	10.05	91.67	92.94	93.52	93.71	71.44	114.49 (5/6)	58.91 (8/1)	125.43 (13/1/73)	54.83 (27/5/71)
49	Overseas Traders (13)	205.66	−2.5	16.89	4.81	[illegible]	7.57	210.98	210.63	210.28	212.32	—	262.23 (20/6)	97.37 (6/1)	262.23 (20/6/75)	97.37 (6/1/75)

	FIXED INTEREST	Wed., July 23 Index No.	Wed., July 23 Yield %	Tuesday July 22	Monday July 21	Friday July 18	Thurs. July 17	Wed. July 16	Tuesday July 15	Monday July 14	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.08	13.98	13.87	13.76	13.76	13.76	13.76	13.93	14.93	—	—	—	—
2	20-yr. Govt. Stocks (6)	49.80	‡15.07	50.24	50.52	50.72	51.01	50.68	50.53	50.04	[illegible]	53.09 (20/3)	38.27 (3/1)	115.42 (11/9/65)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	47.67	‡16.46	48.05	48.07	47.83	47.70	47.63	47.63	47.31	44.57	50.69 (21/3)	37.01 (3/1)	113.43 (25/10/63)	37.01 (3/1/75)
4	Investment Trusts Prefs. (15)	46.29	14.94	46.25	46.25	44.80	46.26	46.26	45.47	45.47	42.10	46.57 (25/5)	35.35 (3/1)	114.41 (13/9/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	66.02	14.26	65.70	65.94	64.39	65.06	65.71	65.29	64.35	56.99	66.98 (20/5)	46.35 (3/1)	114.95 (7/10/65)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	148.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	152.76
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	120.86
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an 1904 378 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street.

CONSTITUENT CHANGES: Long John International (Wines & Spirits) has been replaced by Chamberlain Phipps Group (Textiles).

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	20	249	− 1	302	118
Tate & Lyle 'New'	Nil/pd.	15	11*	− 7	21*	10*
Metal Box 'New'	Nil/pd.	13	8*	− 5	28*	8*
Bats	25p	12	295	− 7	338	164
Distillers	50p	11	108	− 3	100	65½
Leg. & Gen. 'New'	Nil/pd.	11	3½*	− 4½	22*	3½*
Midland Bank	£1	11	232	−10	305	[illegible]
Shell Transport	25p	11	299	− 4	343	118
Lloyds Bank	£1	10	192	−10	265	84
Marks & Spencer	25p	10	97	− 1	128	47½
Rank Org. 'A'	25p	10	133	− 4	205	78
BP	£1	9	515	− 2	555	190
Courtaulds	25p	9	110	+ 5	140	53
Grand Met.	50p	9	59	—	69	19½
GUS 'A'	25p	8	153	− 1	228	86

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 22	Aug. 4	Oct. 16	Oct. 28
Aug. 5	Aug. 18	Oct. 30	Nov. 11
Aug. 19	Sep. 1	Nov. 11	Nov. 25

"Calls" were dealt in Charterhall Finance, Cavenham warrants, Guest Keen, Courtaulds, Ultramar, Lonrho, Shell Transport, Grand Metropolitan warrants, Burmah Oil, Aaronson Bros., BP and Dunlop. No "puts" were reported, while "doubles" were arranged in Charterhall Finance, ICI, Lonrho, Ultramar and Tube Investments.

Industrials		Grand Met.	9	Slater Walker	15		
		G.U.S. 'A'	20	Spillers	7	Mines	
A. P. Cement	20	Guardian	20	Tesco	6	Anglo Amer.	50
Assoc. Leisure	5	G.K.N.	28	Thorn "A"	20	Broken Hill Prp	75
Barclays Bank	35	Hawker Sidd.	30	Tube Invest.	30	Charter Cons.	22
Beecham	26	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	8
Boots Drug	24	Hudson (Wilms)	5	Utd. Drapery	12	Cons Gold	25
Bowaters	20	I.C.I.	24	Vickers	16	De Beers Def.	25
B.A.T.	35	"Imps"	7	Woolworths	6	F. S. Geduld	350
British Leyland	1¼	I.C.L.	7			Great Boulder	12
British Oxygen	6	Inveresk	10	Property		Hampton Areas	15
Burton 'A'	9	Legal & General	17	Cap. Counties	7	Hampton Prop.	4
Cadburys	6	Lloyds Bank	30	E.P.	11	Kloof	140
Courtaulds	14	"Lofs."	7	Int. Europe	7	Lonrho	10
Debenhams	11	"Mams"	9	Land Securities	22	Loraine	65
Distillers	16	Marks & Sp'ncer	25	Peachey	7	Metals Explor.	8
Dunlop	6	Midland Bank	32	Town & City	6	Poseidon	55
Eagle Star	15	Nat'l West Bank	30	Town & Comm.	7	Pres. Steyn	275
E.M.I.	20	P & O Dfd.	16			Rio T. Zinc	20
First National	5	Plessey	10	Oils		Welkom	55
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Rank Org. 'A'	25	Burma Oil	6	Western M'ng	16
Gen. Electric	14	Reed Int'l	28	Shell	30	Zambia Copp.	10
Glaxo	40			Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (5)

ENGINEERING (1)
Doncaster (Daniel)
INDUSTRIALS (2)
Barr Wlce Ad Tst A   Sangers
TRUSTS (1)
Fashion & Gen. Inv.
MINES (1)
Geduld Inv.

NEW LOWS (15)

BRITISH FUNDS (1)
Treas. 9½pc 1980
AMERICANS (1)
Brunswick Con.
BUILDINGS (4)
Francis Parker   Norwest Holst
French Kier 'A'   Rawlings Bros.
STORES (1)
Henriques (Arthur)
ENGINEERING (1)
Brown (John)
INDUSTRIALS (2)
[illegible] Quality Cleaners   Westmstr. C. Prop.
PAPERS (1)
Bibby & Baron
PROPERTY (1)
Amal. Inv. & Prop.
OVERSEAS TRADERS (1)
Sena Sugar
MINES (1)
NRD

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	46	5
Corpns. Loans and Foreign Bonds	2	42	27
Industrials	72	[illegible]	[illegible]
Financial and Prop.	16	329	262
Oils	5	13	10
Plantations	5	9	34
Mines	54	23	76
Rights and Recents	4	39	29
Totals	158	1,188	1,646

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	†10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10 %
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	*9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ *Morgan Grenfell*	9½%
National Westminster	9½%
Northern Comm. Trust	10½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Royal Trust of Canada	10½%
Schlesinger Limited	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	11 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7¼%.
‡ Deposit Base Rate 9¼%.
§ Demand deposits 7¼%.

CORAL INDEX: Close 284-289

I.G. INDEX: GOLD 163-166

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	8½%

† Address shown under Insurance and Property Bond table.

MONEY MARKET

Exceptional help

Bank of England Minimum Lending Rate 10 per cent.
(since May 2, 1975)

Credit was again in very short supply in the London money market yesterday and the authorities gave an exceptionally large amount of assistance. This took the form of very large purchases of Treasury bills and Corporation bills from the Discount houses. There was also mode[illegible]e lending by the authorities to two or three houses overnight at Minimum Lending Rate. The banks carried over full balances and there was an excess of Government disbursements over revenue transfers to the Exchequer together with a slight fall in the note circulation. S[illegible] against this were: a net market take-up of Treasury bills, Local Authority bill maturities, but mainly the repayment of Tuesday's advances by the authorities.

Discount houses paid around 9¼-9½ per cent. for secured call loans at the start, touching 9¾ per cent. in places during the day. Closing rates were in the range of 8½-9 per cent. In the interbank market over-night loans were around 9¾-10 per cent. at the start, easing to 8½-8¾ per cent., but touching 9-9½ per cent. during the afternoon to close at 9 per cent. Some funds, however, were available at 8 per cent. Short-term interest rates were much firmer, with the one-month Sterling certificate yield rising to 10⅛-10½ per cent. from 9 15/16-9⅞ per cent., the two month to 10⅜-10⅝ per cent. from 9 13/16-9 11/16 per cent., the three month 10¾-10⅛ per cent. from 9⅞-9¾ per cent., and the one year 11¼-10 13/16 per cent. against 10⅞-10 7/16 per cent.

Rates in the table below are nominal in some cases.

July 23 1975	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance house deposit	Company deposits	Discount market deposits	Treasury bills ɸ	Bank bills ɸ	Fine trade bills ɸ
Overnight	—	8-10	—	—	—	9⅛-9⅝	8½-9⅞	—	—	—
2 days notice	—	—	10-10¼	—	—	—	—	—	—	—
†7 days or 7 days notice	—	[illegible]	10¼-10½	—	—	—	9-9¼	—	—	—
One month	10⅛-10¼	10¼-10½	10¼-10½	10¾-10¼	11¼-11¾	—	9¼-10	10-10¼	10⅝-10¼	10¾-11
Two months	10⅝-10⅜	10⅜-10⅝	—	10¾-10¼	11⅝-11⅞	—	9½-10⅛	9⅞-10⅛	10⅝-10⅞	10¾-11
Three months	10¾-10⅛	10⅞-10¾	10¼-10½	10¾-10¼	11⅞-11¾	—	9½-10⅛	9⅞-10⅛	10⅝-10⅝	10¾-11
Six months	10⅞-10¾	10¾-10⅞	10⅝-10⅝	11-10¼	11¾-12⅛	—	—	—	10¾-10⅞	10⅞-11¼
Nine months	11⅛-10⅞	10⅞-11⅛	—	11⅛-11⅛	—	—	—	—	—	—
One year	11¼-10⅞	11-11⅛	11¾-12	12-11½	—	—	—	—	—	—
Two years	—	12-12⅛	12⅛-13	—	—	—	—	—	—	—

† Local Authority and finance houses seven days' notice; others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13½-13¾ per cent.; four years 13¾-14 per cent.; five years 14 per cent. ɸ Bank bill rates in table are buying rates for prime paper; buying rates four-month bank bills 10¾-10⅞ per cent., and four-month trade bills 10¾-11 per cent. Approximate selling rates for one-month Treasury bill 9 13/16-9¾ per cent.; two-month 9⅞-9 11/32 per cent.; three-month 9⅞-9 7/16 per cent. Approximate selling rates for one-month bank bills 10½ per cent.; two-month 10¼ per cent.; and three-month 10½ per cent.; for one-month trade bills 10½-10¼ per cent.; two-month 10½-10¾ per cent.; and three-month 10¾-10⅞ per cent.

Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Banks Base Rates for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.4488 per cent.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	14	......	Craig Ship. £1	490	......	Shiloh Spinn.	23	......
Ash Spinning	36	−1	Hallam Sleigh 10p	6½	−1	Sindall (Wm.)	43	......
Bertam	17	−1	Higsons Brew.	83	......			
Brady (G.) 'A'	45	−2	I.O.M. Stm £1	120	......	IRISH		
Bdg'wtr. Est. 50p	120	......	Holt (Jos.) 25p	185	......			
Clover Croft	35	......	Kleen-e-Ze	24	......	Alliance Gas (£1)	58	......
Craig & Rose £1	310	......	Lowell's Ship £1	130	......	Carroll (P. J.)	109	......
Dyson (R.A.)	30	......	N'thn. Goldsmith	82	......	Clondalkin	49	......
Ellis & McHdy.	57	......	P.M.A.	75	......	Concrete Prods.	55	......
Evans F'rk 10p.	36	......	Pearce (C. H.)	60	......	Goodbody (£1)	38	......
Evered	14½	−½	Peel Mills	16	......	Heiton (Hldgs.)	30	......
Fife Forge	47	......	Richards 10p	7½	−1	Irish Distillers	62	......
Finlay Pkg. 5p	16	......	RobbCaledon5p.	29	......	Irish Wire	40	......
Frost & Reed 50p	86	−2	Sayers 12½p	6	......	Jacob	50	......
Gardiner & Sons	11	......	Sheffield Brick	60	......	Sunbeam	11	......
Gardner (L.)	65	+2	Sheff. Refrshmt.	143	−2	Unidare	65	......

Runnymede Trust report

Immigrants must be encouraged towards self-help and to aim for a wider role in social life, according to a report by the Runnymede Trust, carried out for the Commons' Select Committee on Race Relations and Immigration.

In a study of th ework of some local community relations councils, the report calls for a national assessment programme of all community relations councils, and of relevant towns where there is no council.

Loch created

MILLIONS of tons of earth have been removed from the site of the former Bothwellhall Colliery to create a 1½ mile long loch from industrial wasteland between Hamilton and Motherwell. The work is the first phase of a £7m. Strathclyde Park in the West of Scotland.

Label service extended

HOECHST U.K. has extended its free labelling service to help garment makers to meet the requirements of the new fibre content labelling legislation which takes effect from January 12.

The labels, available for approved Trevira fabric users, have been designed to comply with the new regulations and to satisfy all end uses. Some have the lining composition included, to save manufacturers having more than one label in a garment.

Special labels will be produced where the standard range does not meet requirements.

LEADERS AND LAGGARDS

The following table shows the percentage changes* which have taken place since December 31, 1974, in the principal equity sections of the F.T.-Actuaries Share Indices. It also contains the F.T. Gold Mines Index.

Insurance (Brokers)	+154.54	Household Goods	+ 90.90
Contracting and Construction	+146.14	Industrial Group	+ 90.31
Oil	+137.37	Motors and Distributors	+ 87.84
Merchant Banks, Issuing Houses	+131.73	Consumer Goods (Non-Durable) Group	+ 84.72
Entertainment and Catering	+129.48	Stores	+ 83.44
Insurance (Life)	+112.39	Toys and Games	+ 82.50
Newspapers and Publishing	+108.18	Textiles	+ 81.53
Food Manufacturing	+107.85	Machine Tools	+ 80.51
Chemicals	+105.66	Packaging and Paper	+ 77.39
Insurance (Composite)	+105.37	Discount Houses	+ 72.61
Electronics, Radio and TV	+105.34	Breweries	+ 69.75
Investment Trusts	+102.66	Property	+ 66.58
Banks	+102.67	Office Equipment	+ 64.29
Capital Goods Group	+100.60	Wines and Spirits	+ 61.79
Electricals	+100.07	Shipping	+ 57.88
Hire Purchase	+ 99.51	Tobacco	+ 56.41
Financial Group	+ 98.89	Tins	+ 51.78
Engineering (General)	+ 97.89	Rubbers	+ 40.61
Engineering (Heavy)	+ 97.59	Mining Finance	+ 37.14
Consumer Goods (Durable) Group	+ 97.49	Teas	+ 32.24
All-Share Index	+ 97.45	Gold Mines F.T.	− 3.39
500 Share Index	+ 96.64	Coppers	− 7.48
Food Retailing	+ 93.61		
Building Materials	+ 92.55		

* Percentage changes based on Tuesday, July 22, 1975, indices.

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS
"Shorts" (Lives up to Five Years)
Five to Fifteen Years
Over Fifteen Years
Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 58⅝% (based on $2.1777 per £)

CANADIANS

S.E. List Premium 58⅝% (based on $2.2450 per £)
Conversion factor 0.6300 (0.6282)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, Etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£14¼	780	Durban Deep R1	975	......	†Q110c	ϕ	‡
£24	860	E. Rand Prp. R1	975	+20	†Q125c	ϕ	‡
105	55	Rand Leases 2½c	55	......	—	—	—
£34½	£22	Randf'n Est. R2	£26	+1½	—	—	—
500	260	West Rand R1	325	+5	†Q40c	1.3	‡

EASTERN RAND

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
370	235	Bracken R1	290	+8	†Q51c	1.1	11.0
23	13	Daggafontein 50c	15	......	—	—	—
105	60	East Dag R1	63	+3	†Q25c	ϕ	‡
140	140	Grvt. Areas 5c	140s	......	—	—	—
380	210	Grootvlei 30c	245	......	†Q32c	1.1	[illegible]
820	410	Kinross R1	620	+5	†Q58c	1.5	4.6
198	107	Leslie 65c	126	+6	[illegible]	1.6	11.0
550	310	Marievale 25c	330	......	[illegible]	1.1	‡
725	380	S. African Ld. 35c	490	+5	[illegible]	1.2	‡
265	16.5	Vlakfontein R1	180	+5	[illegible]	2.3	12.5
£13¾	640	Winkelhaak R1	960	......	[illegible]	1.2	6.3
120	65	Wit. Nigel 25c	84	+2	Q.1c	10.9	0.7

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
112	56	Botswana RST P2	90	+2	—	—	—
390	196	Messina R0.50	320	......	†Q60c	2.9	‡

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
8½	3	Burma Mine 17½p	8	−½	m0.5	—	1.7
65	17	Charterhall 5p	58½	−2	—	—	—
115	75	Colby Mines $1	75#	......	—	—	—
760	360	Cons. Murch. 10c	650	−20	†Q130c	2.2	‡
53½	29½	Lonrho	44½	......	—	—	—
19	11	NRD $1	11	−2	—	—	—
375	200	Northgate C$1	295	......	Q65c	1.0	9.5
211	80	R.T.Z.	172	−4	19.9	4.4	4.5
135	47½	Selukwe Inds. C$1	77½	−1	—	—	—
81	51	Starford Mines 8	81	......	—	—	—
£12½	875	Tara Expln. $1	£10⅝	......	—	—	—
78	38	Yukon Cons. C$1	67	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim reduced final and/or reduced earnings indicated.
- ‡ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 16

FINANCIAL TIMES

Thursday July 24 1975

Lisbon top three may take power

BY JANE BERGEROL: LISBON, July 23

PRESIDENT COSTA GOMES of Portugal has made a deal with his Communist - sympathising Prime Minister, General Vasco Goncalves, and the chief of Copcon security forces General Otelo Saraiva de Carvalho, which will push Portugal radically forward towards "direct democracy." The three of them are to form a new supreme policy making body, with or without consent from more moderate officers on the present Supreme Revolutionary Council.

It is believed that the plan, still a secret, was evolved over the week-end and before General Saraiva de Carvalho's departure for Cuba, to study the Cuban model of communism, early on Monday morning.

It is sweeping and decisive enough to render the fighting over who should become Prime Minister entirely beside the point. The choice before the political parties will not be more fundamental.

They will be asked to serve in a fifth provisional government under a new Prime Minister but concessions on Socialist and Popular Democrat conditions are less likely to be granted than ever, and they will be forced into a position of choosing whether to go along with the revolution or oppose it.

By removing General Goncalves from the Premiership, President Costa Gomes hopes to tempt the two major parties back into government and coax them on to the side of the revolution.

The future of the Constituent Assembly is still an open question and will hinge on the party agreeing to write the Armed Forces Movement's "direct democracy" clauses into the constitution.

The deal is therefore a clever compromise in that it holds out the possibility, with the departure of the Prime Minister to a higher body, for the return of Socialists and Popular Democrats to Cabinet.

Most powerful

However it could turn into a ruthless decision to govern without their support and even without the consent of officers on the Supreme Revolutionary Council against the plan.

Such is the determination of Portugal's three most powerful generals to push ahead with "direct democracy" and create a climate of authority in Portugal, there are reliable reports that lists have been drawn up with names of officers and civilians who may need to be arrested, the accompanying political plan for reinstalling authority is also said to contain potentially repressive measures.

People close to a number of Ministers and State Secretaries in the fourth coalition, both military and civilian, say some are no longer spending the night in their homes, as a precaution against arrest.

Additional suggestions of the tension in military circles came with reports in a Lisbon afternoon paper that Col. Almeida Bruno, a leading AFM officer formerly connected with ex-General Spinola, has left the country despite his being under house arrest following the March 11 coup attempt. Other officers, the paper claims, have also left Portugal recently.

An attempt by General Goncalves to convene the 240-officer Armed Forces General Assembly to-day was resisted, but there were suggestions that one task of the assembly, which may now meet on Friday will be to vote a number of more moderate officers off the Supreme Revolutionary Council.

Such officers have in the past resisted attempts to be swept aside and, without overstating the chances of confrontation, there is bound at least to be counting of guns on both sides. This however, may already have been done with most operational unit officers considered loyal to General Saraiva de Carbalho.

TUC confirms broad support for £6 limit

BY JOHN ELLIOTT, LABOUR EDITOR

TUC LEADERS yesterday consolidated their broad-based support for the new £6-a-week pay limit and set the scene for the Government's White Paper policy to be endorsed overwhelmingly at the annual September Congress and then widely accepted in pay negotiations.

But the TUC also made it clear yesterday that it is prepared for its unions to adopt militant stances, possibly including strikes, against employers who try to settle deals for less than £6. It also warned the Government that any publication of the reserve powers Bill would be counter-productive.

At the same time the TUC called on MPs and others with high salaries voluntarily to forgo pay rises over £6, in line with the recommendation drawn up on Monday by its general purposes committee.

The general mood of support for the Government and its policy which dominated the general council's monthly meeting was only clouded later by Yorkshire and Kent miners deciding to campaign against the policy in their union's ballot on the issue.

Campaign

But this will not upset the general trend which seems likely to produce at least 6m. votes at the September Congress for the policy with not more than 3m.—and maybe as few as 2m.—voting against.

In order to harness this mood the TUC yesterday planned a propaganda campaign on the policy, including a special issue of its broadsheet "Labour," special leaflets and explanatory regional conference to be held next month in Manchester, Bristol and London. Special attention is to be paid to publicity through local and regional newspapers and broadcasting stations.

Leaders of unions such as the Transport and General Workers and the General and Municipal Workers are, however, worried that some employers of low-paid workers will try to settle for less than £6. They are determined that the general non-militant stance implicit in their general support for the new policy should not deter them from striking against such employers.

Mr. Len Murray, TUC general secretary, said after yesterday's council meeting that no specific decision on TUC or individual union support for this had been made. But, he added, "we see £6 as a fully justifiable figure and if that means unions taking action, then this would be compatible with the policy."

This is at variance with the White Paper lie that the £6 is only a maximum and not a norm. It was accompanied yesterday by another potential difference when Mr. Murray said that even though the Government intended to operate on a £8,500 a year cut-off above which no rises should be paid, the TUC still stuck to its preferred figure of £7,000.

On MPs' pay rises, it appeared that the TUC accepted the futility of trying to persuade the Government to back down on its decision and that, because of this, Mr. Murray directed his objections to individual MPs and "others in leadership in our society."

He thought they should make "individual decisions" to forgo their increases. He also suggested that some unions might try to influence their own sponsored MPs to cut their increases.

Turning to the Government's so far concealed reserve powers, Mr. Murray said he thought that it was a "very sensible decision" not to publish the Bill containing them because publication would "not be in line with the whole spirit of our voluntary effort."

He thought a "dusty pigeon hole within the Treasury" was the best place for the Bill because "it would be counter-productive if it were published."

Assurance

But he refused to be drawn on the TUC's precise reaction to publication, although he repeated and underlined an assurance, made to TUC leaders by the Prime Minister on the evening before the White Paper was published, that the TUC would be given the chance to try to solve a specific pay dispute before the Government activated the powers to deal with it.

The TUC yesterday also decided to call on the Government to widen the scope of unemployment benefits and to improve its proposals for a temporary employment subsidy. It also deplored the recent action of the House of Lords—a "highly unrepresentative body"—for passing "a number of damaging amendments" to both the Trade Union and Labour Relations (Amendment) Bill on closed shops in newspapers and to the Industry Bill.

Jones and Murray in EEC team. Page 8

Observer meeting on redundancy to-morrow

By Our Labour Correspondent

UNIONS representing the 700 Observer newspaper employees have only until to-morrow evening to agree to the management's call for 30 per cent. redundancies before the paper's trustees meet to consider the situation.

The National Union of Journalists has come up with a dozen or so names of journalists who are prepared to volunteer for redundancy and these will be given to management to-day before a further chapel (office branch) meeting to-morrow.

But the position of the printing unions, who will have to bear the brunt of the cut-back, is far from clear with national union officers leaving the matter to local officials and seemingly unconvinced that the situation is at crisis point.

NUJ representatives, however, have been left in no doubt that the situation is potentially disastrous and have been warned that should the paper be forced to close down the financial problems were such that employees would only get half of their redundancy entitlement now and the remainder next March.

Last month the Observer warned that it looked like making an operating loss of £750,000 this year and that to survive it would have to reduce its wages bill by a third. Last Saturday the unions were given six days in which to reply to the proposals.

NCB oil work: strict control urged

BY RAY DAFTER

THE OFF-SHORE oil and gas activities of the National Coal Board and British Gas Corporation should be brought under stricter Governmental controls, according to a Parliamentary report published yesterday.

At the same time the off-shore industry in general was urged to be more open and frank about its activities. The Select Committee on Nationalised Industries, in its first report, said it believed a wider range of public information—on reserves and costs for instance—would not damage the interests of participators and would assist the processes of formulating and executing policy.

This was important for a more positive Government approach to North Sea exploitation. Until last year the Government role in the sphere of public sector involvement had been mainly passive—a point of some criticism in the weighty report.

The Government's "arm's length" attitude had been illustrated in the financing of the gas and coal industries' investment in the North Sea.

While the exploration record of the two had been better than most, and even though their expertise was respected by private sector companies, it was felt their activities should be brought under tighter control.

The corporations were moving into a period of intensive development; an expenditure of £552m. was envisaged for the five years to 1978-79 and even this was likely to prove a considerable underestimate. At the same time the eventual yield (net of taxes, royalties and interest) might be lower than previously anticipated.

A reduction in the price of oil (in real terms) could further jeopardise the situation, particularly on the smaller, marginal fields.

As a result, the committee recommended that the activities of the two undertakings should be brought under closer Whitehall supervision and that the Government should make an annual statement on their North Sea investment programmes.

Greater pressure

The build-up in activity in the next few years is likely to put even greater pressure on the availability of skilled staff. Here again, the Government is criticised (along with universities) for not foreseeing this need and encouraging more graduates to take up related technological courses.

● The Monsanto-Deminex offshore group said yesterday that its second well on block 15-21, 12 miles south-west of the Piper Field, had been plugged and abandoned. As with the first well, no appreciable oil deposits were found.

The Borgny Dolphin semi-submersible rig is being moved to block 204/30, some 90 miles west of the Shetlands, to drill an exploration well for the same group.

Committe's report, Page 11

First substitute tobacco report

BY SANDY McLACHLAN

TOBACCO companies should be responsible for any health hazards that emerge from the use of synthetic tobacco in cigarettes. This is one of the main features to emerge from the long-awaited Hunter committee report *Tobacco Substitutes and Additives in Tobacco Products* which was published yesterday.

The Independent Scientific Committee on Smoking and Health was set up by the Government in 1973 under the chairmanship of Dr. R. B. Hunter, vice-chancellor of the University of Birmingham. Its primary aim was to investigate the use of synthetic cellulose products in cigarettes to reduce the health risk.

The committee's first report yesterday deals with the testing of products containing tobacco substitutes before marketing. A subsequent report will consider the longer-term studies in relation to human beings. The report stresses that only when a tobacco substitute has been smoked over a long period by heavy smokers will it be possible to make a full assessment of the relative dangers of a product containing a tobacco substitute and one composed wholly of tobacco.

The report lays down a three stage testing plan for synthetic tobacco materials. The first stage requires research into smoke chemistry and tests on animals such as monkeys and rats. The committee will require extensive data relating to a whole series of toxic substances before companies will be allowed to graduate to the second stage. This consists of short-term human studies to test irritant characteristics of smoke and, if the company concerned wishes, limited consumer acceptability tests. The requirements for the third stage are longer term and wider ranging studies on animals.

The first reaction from the tobacco industry yesterday was to welcome the Hunter guidelines. The stringent tests laid down are in line with the sort of research which companies are already doing in the field of synthetic tobacco. Even with full adherence to the Hunter timetable it is still possible that cigarettes containing tobacco substitutes could be on sale in the U.K. before the end of 1976.

The onus for making smoking safer Page 14

Continued from Page 1

Pay curbs

the Labour Party in Opposition, we shall not support in any way those who are bent on destroying the Government's measures.

"We shall continue to press the Government for the further (expenditure) cuts which we believe to be necessary. But in the meantime, the Government and the country should know that the Conservative Party is utterly determined to play its full part as an Opposition in the fight against inflation which the nation now has to win," Mr. Whitelaw declared.

Mr. Heath did little to quell speculation about a party rift when he said on television that he regretted the leadership's decision to abstain on the White Paper. And, significantly, Mr. Heath, Mr. Whitelaw and Mr. Maudling were all absent from Westminster, paired for last night's division on the Bill.

Mr. Heath, interviewed on BBC's Newsday programme, said that he had obeyed the party whip on the White Paper because he was not prepared to lead a revolt against the party leadership.

Some Conservative MPs agreed last night that such views appeared to be at variance with the policy being followed by the shadow Cabinet majority. Sir Geoffrey Howe, in his Commons speech, was openly hostile towards the manner in which the Government was implementing its policy and called on all Tory MPs to support the shadow Cabinet motion.

Continued from Page 1

Aid plan for textiles

Economic Development Committee of a list of proposals to the Government in February this year.

The clothing EDC suggested a £42.5m. scheme but this has been scaled down because of the need for public expenditure economies. Though details of the Government's scheme have yet to be worked out in consultation with the EDC, in their final shape the proposals are likely to be somewhat less complex than the EDC suggested and probably with a lower level of grant for participating companies than the EDC would have liked.

The Government's decision to give a modified scheme the go-ahead was nevertheless warmly welcomed last night by Mr. Peter Parker, chairman of the EDC. He said the Government had done as much as could be expected in the present embattled circumstances of the economy.

Apart from the clothing industry scheme the other six points in Mr. Varley's package were possible Industry Act assistance for other sectors including footwear and jersey fabric; public purchasing of textiles to concentrate on British products; full use of the MFA agreements; careful review of the agreement with Comecon suppliers announced in May to impose self-restraint on exports to the U.K. of men's shoes; extension of surveillance to clothing; use of anti-dumping powers where necessary; strict application of duty free ceilings on Portuguese textile imports.

The package was given a cool reception by the British Textile Confederation last night which in its submissions to the Government earlier in the year had been pressing the need for a 20 per cent. across-the-board reduction in textile imports.

Mr. Clifford Jupp, BTC director, said the measures will have little effect in the short term on the problems of the industry. Concrete results from measures to increase productivity in the clothing industry would be likely to accrue in years rather than the months to come.

"The other measures proposed may in combination help to prevent imports from rising above highest past levels, but while such levels may be tolerable in times of boom they are bound to damage the industry when demand is low. The measures do not therefore materially help the industry in its fight to survive the present recession," he said.

In the Commons the shadow Industry Secretary, Mr. Michael Heseltine, said there was not a great deal new in the statement.

In a response to urging from Mr. Tom Torney (Lab., Bradford S), which was supported by MPs of all parties, the Leader of the House, Mr. Edward Short, agreed to consider finding time for a debate on the problems of the footwear and textiles industries.

Weather

U.K. TO-DAY

SUNNY periods and occasional showers, especially in the north and east. Winds, westerly. Temperatures near normal in the south and east, elsewhere rather cool.

London, S.E., Cent. S. and E. England, E. Anglia, E. Midlands
Sunny periods and showers. Wind S.W., moderate or fresh. Max. 21C (70F).

W. Midlands, Channel Isles, S.W., Cent. N. England, S. Wales
Sunny periods, showers. Wind W. Rather cool. Max. 18C (64F).

N. Wales, N.W. England, Lake District, Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Bright periods, showers. Wind W. to N.W., fresh. Cool. Max. 16C (61F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Sunny, showers, perhaps thunder. Wind W., fresh. Max. 17C (63F).

Central Highlands, Moray Firth, N.E., N.W. Scotland, Orkney, Shetland
Cloudy, showers, perhaps with thunder. Wind W., freseh or strong. Cool. Max. 13C (55F).

Outlook: Showers or rain. Sunny intervals. Cool, temperatures rising in the south.

Lighting-up: London 21.32, Manchester 21.50, Glasgow 22.10, Belfast 22.10.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	31	88	Madrid	S	31	88
Amstrdm.	R	16	61	Manchstr.	S	16	61
Athens	S	33	91	Melbourne	C	18	65
Bahrain	S	39	102	Mexico C.	S	22	72
Barcelona	S	28	82	Milan	F	29	84
Beirut	S	29	84	Montreal	S	25	77
Belfast	F	15	59	Moscow	T	19	66
Belgrade	F	26	79	Munich	S	24	75
Berlin	F	26	79	Newcastle	R	14	57
Birmghm.	S	19	66	New York	S	30	86
Bristol	F	18	64	Oslo	C	18	64
Brussels	F	20	68	Paris	S	23	73
Budapest	S	26	79	Perth	C	20	68
B. Aires	C	11	52	Prague	S	25	77
Cairo	S	35	95	Reykjavik	S	8	46
Cardiff	S	17	63	Rio de J'o	S	22	72
Cologne	F	25	77	Rome	S	28	82
Copnhagn.	F	19	66	Singapore	C	29	84
Dublin	F	14	57	Stockholm	C	21	70
Edinbrgh.	F	13	[illegible]	Strasbourg	S	26	79
Frankfurt	S	25	[illegible]	Sydney	F	16	61
Geneva	S	[illegible]	[illegible]	Tehran	S	37	99
Glasgow	F	14	57	Tel Aviv	S	29	84
Helsinki	S	23	[illegible]	Tokyo	C	30	86
H. Kong	S	30	[illegible]	Toronto	S	25	77
Jo'burg	S	14	57	Vienna	S	26	79
Lisbon	C	24	[illegible]	Warsaw	F	24	75
London	D	17	[illegible]	Zurich	S	24	75
Luxembrg	S	23	73				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	26	79	Las Plms.	F	24	75
Algiers	S	34	93	Locarno	F	24	75
Biarritz	C	23	73	Luxor	S	40	104
Blackpool	F	15	59	Majorca	S	28	82
Bordeaux	C	22	72	Malaga	S	26	79
Boulogne	F	17	63	Malta	S	29	84
Casablnca.	F	23	73	Nairobi	C	21	70
Cape Tn.	S	18	64	Naples	S	28	82
Corfu	S	31	88	Nassau	S	29	84
Dubrovnik	S	27	81	Nice	S	26	79
Faro	S	25	77	Nicosia	S	29	84
Florence	F	30	86	Oporto	S	21	70
Funchal	C	23	73	Rhodes	S	31	88
Guernsey	D	15	59	Salzburg	S	25	77
Innsbruck	S	25	77	Tangier	S	23	73
Inverness	F	14	57	Tenerife	S	20	68
I. of Man	S	16	61	Tunis	S	36	[illegible]
Istanbul	F	30	86	Valencia	S	30	86
Jersey	C	18	64	Venice	S	28	82

S—Sunny. F—Fair. C—Cloudy. R—Rain. T—Thunder. D—Drizzle.

THE LEX COLUMN

Money rates and the Bank

Index fell 5.8 to 288.5

Interest rate management by smoke signal has its drawbacks. For much of yesterday the gilt-edged market could not understand the logic behind the apparent intention to engineer a rise of a point in MLR to-morrow, and prices sank in confusion, with an inevitable sympathetic response in equities. Wild rumours circulated. According to one story the discount houses had only been put into the Bank for a week to punish them for stagging the long gilt issue last week, and there were no MLR implications. Another story suggested the move was just a fortuous bluff aimed at sending the institutions back into the gilts market in exaggerated relief.

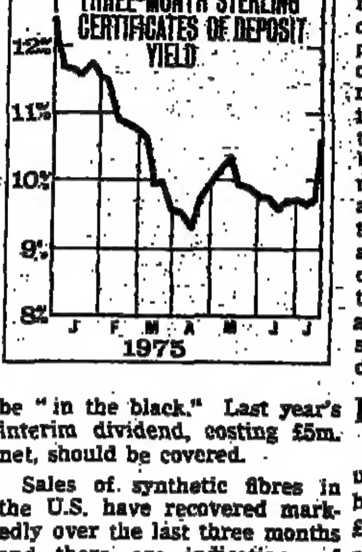
But by the afternoon there were signs that the market had received some solid guidance. The simple explanation, it seemed, was the correct one: the Bank of England just wanted to restore the historical differential between dollar and sterling short term rates.

That was enough to allow longs to recover late in the day, though some dealers were still annoyed that the discount houses had been able to catch the gilt market napping on Tuesday. It would certainly have been fairer for the Bank simply to announce a rise in MLR to-day, but presumably it prefers to reserve such direct action for crisis conditions.

However that may be, the Bank's policy on interest rates has changed rather suddenly, and it has spoilt what has recently been an impressive management performance in gilts and the money market. To underline the point, its new money supply figures show that thte May estimates have had to be significantly revised in an upwards direction, while the new reporting system for banking statistics is still causing trouble so that the June figures must also be regarded as "especially subject to revision."

Courtaulds

Courtaulds' mixture of bad and good news reassured the market yesterday, and the shares rose 5p to 110p. There have been a number of reminders this week of the extent of thte current international fibres recession with Enka's comment, for example, that it is at present working at only 58 per cent. of productive capacity. The latter is forecasting a loss of around Fls.400m. for 1975 while Du Pont has just revealed a drop of over four-fifths in first half earnings. Indeed, against this background, there was relief that while Courtaulds' figures for the six months to the end of September will show a "major fall" over the £79.3m. pre-tax of the first half of 1974-75, they should not be relatively as bad as for other major fibre groups, and the company should be "in the black." Last year's interim dividend, costing £5m. net, should be covered.



Sales of synthetic fibres in the U.S. have recovered markedly over the last three months and there are indications of firmer prices. Courtaulds also points to signs of an upturn in a number of areas in the U.K., though in its view the European market is still depressed. Consequently the group feels able to talk about an improvement in the second half with "much better times" in 1976-77. Courtaulds is, of course, in much better shape than in the last fibres recession although net cash has fallen by £49m. since the year end it is still around £100m.

Unigate

After ten months Unigate's pre-tax profits were 5 per cent. up, but the full-year total now turns out to be nearly 17 per cent. higher at £17.77m.—mainly thanks to a better than expected milk margin award, with a rise in the retrospective margin adjustment from £660,000 to £3.16m.. Consumption of liquid milk increased by 2.8 per cent. during 1974-75 and there was a shortage of milk for manufacturing though the impact on butter profits has been offset to some extent by imports of butter for distribution in the U.K.

The Scot Bowyers meat division has, however, had a difficult year because of the high price of pig products relative to beef. This company, acquired at the end of 1972 for about 30 per cent. of the ultimate equity, contributed about a sixth of pre-interest profits in 1973-74, and possibly only around a tenth last year. Hopes of a recovery—probably not until 1976—depend on a reduction in the "beef mountain" and on the extent of any trading down in meat.

Prospects on the milk side, where supplies available for manufacture are so far 14 per cent. down, will be determined partly by this autumn's decision on the target profit margin on milk, now fixed annually rather than every three years. So at this stage there is no forecast but there is the reassurance that net bank borrowings fell by about £4m. in 1974-75 before the rights issue proceeds appeared. A yield of 10.2 per cent. at 40p does, however, show the market's lack of enthusiasm about food manufacturers at present, despite milk's traditional defensive attractions.

Rights issues

The underwriters emerged unscathed yesterday with shareholders in Bowater taking up £20m. of the group's £22m. rights offering. Nonetheless there can have been scant uncrossing of fingers this week. The equity market has now fallen 11 per cent. in just nine trading days and the rights "premiums" to be found among issues like Redland, Smiths Industries and even Legal and General are now very modest. These three fundings add up to a total of £40m.

Among the lesser offerings, the range within which rights terms are now being pitched is widening noticeably. McCorquodale's £1.4m. issue was yesterday priced at a discount of 29 per cent. on overnight share price values while on Tuesday Howard Machinery ran to a discount of 45 per cent. That was something of a record for an underwritten issue, but so too were the cash sums involved with Howard asking shareholders for over 40 per cent. of its current market capitalisation. In the early part of February when discounts on even the biggest offers topped 30 per cent. the market was broadly where it is at present: by mid-May—three weeks before the peak—discounts on overnight prices had narrowed to 15 per cent.

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